

**DEPARTMENT OF THE INTERIOR**  
**Office of the Special Trustee for American Indians**

**BUDGET JUSTIFICATION FOR FISCAL YEAR 2002**

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## Bureau Summary Table

(Dollars in thousands)

Appropriation	2001 Enacted	2002		2002 Request	
		Uncontrollable & Related Changes	Program Changes		
Direct Appropriations					
Office of the Special Trustee for American Indians					
BA	109,985	+594	-11,355	99,224	
FTE	401	0	+11	412	
Indian Land Consolidation Program					
BA	8,980	0	+2,000	10,980	
FTE	0	0	0	0	
Subtotal	BA	118,965	+594	-9,355	110,204
Permanents and Trusts					
Payments of trust accounting deficiencies	BA	0	0	6,700	6,700
Tribal Special Fund	BA	57,509	0	+4,390	61,899
Tribal Trust Fund	BA	25,118	0	+1,421	26,539
Subtotal	BA	82,627	0	+12,511	95,138
Total BA	201,592	+594	+3,156	205,342	
Total FTE	401		+11	412	

### **General Statement**

The 2002 request for the Office of the Special Trustee for American Indians (OST) accounts is \$110.2 million, \$8.8 million less than 2001. Included within the 2001 appropriation was \$27.5 million in supplemental funding, of which \$18.8 million is retained in 2002 to meet continuing needs. The 2002 request, along with the availability of 2001 supplemental appropriations for continuing activities in 2002, will provide the funding necessary to continue to make progress on trust reform efforts in 2002. This request includes a FY 2002 decrease of \$10.8 million in the account for the Office of the Special Trustee and an increase of \$2.0 million in the account for Indian Land Consolidation.

This budget reflects the continued emphasis placed on implementation of several Indian trust asset reform efforts and the funding level needed to sustain the operational and organizational improvements initiated in previous years. Since FY 1997, in addition to the funding for trust resource management operational functions, more than \$253 million has been directed Department-wide towards the reform efforts and litigation of Indian trust management. Eliminating Indian trust management deficiencies remains one of the highest priorities for the Department of the Interior. Improvements in systems, operations and policies are critically needed to ensure the Federal Government meets its fiduciary obligations to Indian Tribes and individual American Indians. New systems that will link the management of underlying trust assets and the financial accounts began operations in FY 2000 to ensure that collections and payments are accurate. Additional systems implementation will occur in FY 2001 and continue into FY 2002. Funds to continue to address needed trust management operations are also included in the budget for the Bureau of Indian Affairs (BIA).

One of the Department of the Interior's (DOI) highest management priorities is to bring trust resource management, accounting, investment and related systems up to legal standards. The Trust Management Improvement Project Steering Committee meets twice a month to address status and issues associated with trust reform and improvement projects and to establish strategic direction. The Steering Committee is chaired by the Special Trustee and consists of the Assistant Secretary – Policy, Management and Budget; the Deputy Assistant Secretary for Budget and Finance; the Assistant Secretary – Indian Affairs; the Deputy Commissioner for Indian Affairs, the Solicitor; the Associate Solicitor for Indian Affairs; the Principal Deputy Special Trustee; and the Chief Information Officer. DOI's High Level Implementation Plan (HLIP) for improving the underlying trust management and accounting systems outlines a comprehensive, coordinated, Department-wide effort to correct the many well-documented problems associated with the Department's management of Indian Trust funds. The revised HLIP, published on February 29, 2000, outlines progress made toward completing improvements in trust management and lays out additional steps that must be taken to reach the goals and objectives

that have been established. Quarterly Reports on the Status of Trust Reform are also provided to the District Court. Key accomplishments in FY 2001 include:

- OST completed the conversion of all Tribal and Individual Indian Monies (IIM) accounts to the Trust Fund Accounting System (TFAS) in all 12 regions in March 2000. Approximately 263,000 Tribal and IIM accounts are maintained on the system and approximately 120,000 statements are mailed to account holders each quarter.
- The majority of IIM trust financial records have been consolidated into a central location in Albuquerque, New Mexico, with the exception of IIM records from three Tribal locations
- Efforts to locate 65,000 “whereabouts unknown” account holders are ongoing. OST has begun using a national database to search for account holders, and this effort has generated positive results. To date, over 31,000 accounts have been compared with the database to identify possible account holder addresses and more than 18,000 letters requesting confirmation of identities have been sent out. More than 2,600 account holders have been located and their accounts updated. Responses to the majority of the letters are still pending.
- Effective December 29, 2000, the *land title* portion of Trust Asset and Accounting Management (TAAMS) was made the system of record, that is it was officially designated the system for the recordation and maintenance of Indian title documents reflecting current ownership for current title processing in four BIA regions: Alaska, Eastern Oklahoma, Rocky Mountain, and Southern Plains. The title history data is not yet complete.
- The Trust Management Improvement Project Steering Committee determined that the TAAMS *realty* module should be available for Steering Committee approval for the Rocky Mountain Region by May 31, 2001. The BIA has assigned key managers on a full-time basis to complete this effort. A schedule and plan for deployment to the other BIA Regions will be developed.
- BIA and the Office of Hearings and Appeals (OHA) have hired additional legal and support staff including contract assistance, to begin reducing the existing backlog of Indian probates, streamline the probate process, and develop a case management tracking system.

- Final regulations for Leases and Permits on Indian Lands, Trust Funds for Tribes and Individual Indians, Grazing Permits on Indian Lands and Indian Probates became effective on March 23, 2001. These revised regulations are long overdue and will establish nationwide standards of uniformity for trust administration.
- The Risk Management Program Handbook was published November 30, 2000. This handbook provides the guidelines for monitoring and reviewing risk within the Department's trust processes.
- The non-systems trust management functions training program for relevant Interior and Tribal trust asset management employees has been initiated in locations across the country. Training the trust asset management workforce is an on-going commitment that is critical to the successful implementation of new business practices, accounting systems, new regulations and management information systems.
- The Department is developing a detailed plan to present to the Congress for using a statistical sampling approach to provide the basis of a historical accounting or some basis for settlement of *Cobell*. This approach is being considered because of the state of trust records and the enormous costs associated with a historical accounting for each individual account. A senior project manager has been hired to begin development of this project plan.
- The enactment in November 2000 of *Indian Land Consolidation Act Amendments of 2000*, P.L. 106-462 will help prevent further fractionation of trust allotments made to Indians, and consolidate fractional interests and ownership of those interests into usable parcels. The Act fully supports consolidation of fractional interests in a manner that enhances Tribal sovereignty, and promotes Tribal self-sufficiency and self-determination, and is an important component of Indian trust fund management reform. It will help reduce the future administrative and financial burden due to the fractionated ownership of Indian lands. This fractionation of interests not only undermines the vitality of allottee-owned land, but it also severely complicates the government's management of trust assets and resources. As of March 2001, BIA has acquired over 29,000 interests representing over 14,600 acres. In 2001, the program continues land acquisition activities in the Midwest Region, expands activities to other reservations, and begins work on the *Youpee* activities of redetermining and redistributing fractional interests in allotted Indian lands that escheated to Tribes under the 1983 Indian Land Consolidation Act, as amended.

### **FY 2001 Supplemental Request**

The 2001 supplemental funding of \$27.5 million included \$10.7 million for trust management improvement activities, \$4.0 million for *Cobell* trial two and document production costs, \$9.9 million to begin a statistical accounting, and \$2.9 million to continue workforce planning, information collection, and systems architecture projects related to Interior's discharge of its trust responsibilities.

This supplemental request originated in part from the conclusion of trial one of the *Cobell* case where the United States District Court found that the Department breached its statutory trust duties under the American Indian Trust Fund Management Reform Act of 1994 in several areas.

To address these identified breaches, in 2001 the Department began implementing three projects: Information Collection to collect missing information from outside sources; Computer Systems Architecture to establish computer and business systems platforms and rules; and Workforce Planning to determine the appropriate staffing for trust management functions. The Department also took into account the Court's requirements for records management, which was already an HLIP subproject. The Department will continue implementation of these projects and determine the next appropriate management actions by the end of 2001.

In his December 21, 1999 decision, U.S. District Court Judge Royce Lamberth stated that Interior's "claims of lack of funding cannot be allowed to legally impair the United States' trustee-delegates' exacting fiduciary duties towards management of this trust."

The OST budget request of \$99.2 million in FY 2002 will provide for the continuation of trust operational improvements and systems previously implemented, further progress on reductions of probate backlogs, implementation of statistical sampling of IIM account data, increased trust oversight and risk management and other related improvement activities.

### **Bureau Summary**

When Congress enacted the *American Indian Trust Fund Management Reform Act* in 1994, it recognized the Federal government's preexisting trust responsibilities. The Reform Act further identified some of the Secretary of the Interior's duties to ensure proper discharge of the trust responsibilities of the United States. These include (but are not limited to) the following:

- Providing adequate systems for accounting for and reporting trust fund balances;
- Providing adequate controls over receipts and disbursements;
- Providing periodic, timely reconciliation to assure the accuracy of accounts;
- Preparing and supplying periodic statements of account performance and balances to account holders; and

- Establishing consistent, written policies and procedures for trust fund management and accounting.

The Reform Act also created the position of the Special Trustee for American Indians, who reports directly to the Secretary. The Office of the Special Trustee for American Indians oversees and coordinates Indian trust asset reform efforts Department-wide to ensure the establishment of policies, procedures, systems, and practices that allow the Secretary to effectively discharge her trust responsibilities.

In FY 1996, at the direction of Congress, the responsibilities and authorities of the Special Trustee were expanded through Secretarial Order No. 3197, which transferred the Office of Trust Funds Management (OTFM) and related financial trust functions of field offices from the BIA to OST. The Special Trustee therefore was provided authority over and responsibility for trust monies of Indian Tribes and individual American Indians. OST through OTFM, has operating responsibility for financial trust service functions, including deposit, investment, and disbursement of trust funds. Additional trust asset management functions are carried out by other Interior Bureaus, as follows:

- Bureau of Indian Affairs is responsible for the management of non-monetary Indian trust assets (lands, minerals, timber, etc.) and the leasing and other economic activity associated with those lands for the benefit of Indian Tribes and individual Indians.
- Minerals Management Service is responsible for timely and accurate reporting of production and payment of lease royalties and other revenues, including audits of leases to ensure lessees are accurately reporting production and calculating royalties.
- Bureau of Land Management is responsible for enforcing compliance with Federal requirements for drilling, production, accountability, environmental protection, safety with regard to leases on Indian lands, and cadastral surveys of Indian lands.
- Office of Hearings and Appeals is responsible for adjudication of probates involving the ownership of Indian lands.

The Secretary's August 1997 decision for the Special Trustee to proceed with selected trust systems improvements and data cleanup efforts contained in the Special Trustee's Strategic Plan provides the framework for the current budget and is further identified and outlined in the subsequent July 1998 High Level Implementation Plan (HLIP). The HLIP contains information on and describes each trust management reform sub-project, responsible Bureaus and Offices, supporting tasks, critical milestones, work plans, resource estimates and accountable officials.

Additional detailed information on the plans, requirements and milestone schedules for the Trust Management Improvement Project (TMIP) is contained in the revised HLIP.

Significant financial and personnel resources are needed to continue trust management reform efforts in OST, BIA and OHA. This budget request identifies the resources needed for OST, BIA and OHA to meet the next phase of these requirements in FY 2002. These trust improvements will change the current way of operating throughout Indian trust management programs, to a more efficient, effective, auditable, standard practice methodology, that is modeled after private sector trust programs and subject to independent audit and verification.

#### PROGRAM RESPONSIBILITIES

**Ongoing Operations:** The OST manages approximately \$3.1 billion held in trust for Indian Tribes and individuals. Approximately \$2.7 billion is held in about 1,400 Tribal accounts for about 290 Tribes. The balance of approximately \$400 million is held on behalf of individual Indians in over 261,000 accounts and other special trust funds, including the Alaska Native Escrow Fund. Most assets held in trust for Native Americans are owned by the trust beneficiaries and therefore are not Federal assets.

#### TRUST FUND ACCOUNTS

The balances that have accumulated in the Indian trust funds have resulted from claims and judgment awards, investment income, and revenues from approximately 56 million acres of trust land. Revenues are derived from subsurface mineral extractions (coal, oil, gas, and uranium) timber, grazing, and other surface leases. Judgment awards constitute approximately 49 percent of the Tribal funds, as of September 30, 1999, while individual Indian funds realize receipts primarily from royalties on natural resource use, land use agreements, enterprises having a direct relationship to trust fund resources, per capita payments, and investment income. Overall, the composition of the source of Indian trust funds has not changed significantly since April 1993. However, the value of the funds and number of the accounts has grown.

Authorizing legislation and case law specify how Indian trust fund assets should be managed and which financial instruments constitute appropriate investments. Investments are limited, in most cases, to U.S. Government securities (Treasury and other agency issues) and insured deposits or deposits collateralized by U.S. Government securities. Disbursements from judgment awards must be made in accordance with Tribal award distribution plans.

Under Title II of the *American Indian Trust Fund Management Reform Act of 1994*, a Tribe may voluntarily withdraw its funds from the trust, subject to plan approval by the Secretary. During calendar year 2000, seven new inquiries were received regarding the withdrawal process. As of



December 31, 2000, only two Tribes had withdrawn their funds and two Tribes had made partial withdrawals. The Tribe making the most recent partial withdrawal has advised that it will withdraw the balance of its funds as its invested securities mature.

### FIDUCIARY RESPONSIBILITY

In carrying out the management and oversight of the Indian trust funds, the Secretary has a fiduciary responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994*, Congressional action, and other applicable laws.

Reviews by the General Accounting Office, the Inspector General, independent accounting firms, and Congressional committees have identified serious problems in the Department's historical management of funds held in trust for American Indians and Alaska Natives. Accordingly, the OST program includes both the maintenance of on-going operations and improvements to other critical functions.

### FY 2002 BUDGET REQUEST

The FY 2002 request for the OST account is \$99.2 million, a \$10.8 million decrease below the FY 2001 level. This funding, together with anticipated and planned unobligated balances of approximately \$26 million for HLIP projects, provides the funds necessary to sustain the significant Indian trust asset reform initiatives begun in previous years. Funding for BIA and OHA components of the HLIP are also reflected under the OST budget. The request would provide the following:

- A total of \$73 million for trust improvements to fund the requirements identified in the HLIP and associated breaches reports. While \$8.9 million below the FY 2001 level, this reflects the planned use of estimated carryover funds to be applied to the estimated costs of FY 2002 projects, as well as the changing costs of projects from year to year based on their individual requirements to meet planned objectives. These funds will be used to operate TFAS and TAAMS, address account data problems, further reduce backlogs in trust asset processing functions and implement the IIM statistical sampling project. TFAS is currently operational for both Tribal and IIM accounts. The Department also will continue implementation of additional modules of a commercial standardized, land management system technology, referred to as TAAMS, which will replace the outmoded BIA trust asset management systems and land title and records and minerals royalty systems.

- Approximately \$26.3 million of the \$99.2 million total provides for the ongoing base operating costs for the Office of the Special Trustee and related trust management functions, which include Executive Direction, Office of Trust Funds Management, Office of Trust Records and Program Support Services.
- An additional \$1.1 million for increased staffing and necessary contract support costs to provide the Special Trustee with the capability for oversight of trust improvements Department-wide and to sustain improvements in various trust operations activities within OST
- An additional \$594,000 for fixed costs such as pay adjustments, increased GSA space costs and WCF net increases.
- The above \$1.7 million costs increases are offset by savings in ongoing litigation support.

The FY 2002 request for the Indian Land Consolidation Program is \$11 million, a \$2 million increase above the FY 2001 level, to continue addressing fractionation of Indian lands. These funds would provide for expansion of the land acquisition program to additional reservations, consolidate fractional interests on allotted lands related to *Youpee* sites, provide for BIA administration of the land acquisition program and the associated costs for BIA, OHA and OST to redetermine and redistribute income, and other requirements of the *Indian Land Consolidation Act of 2000*.

**Organization Chart**



**Appropriation Language Sheet*****Office of the Special Trustee for American Indians*****General and special funds:****OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, [\$109,985,000] \$99,224,000 to remain available until expended: *Provided*, That funds for trust management improvements may be transferred, as needed, to the Bureau of Indian Affairs "Operation of Indian Programs" account and to the Departmental Management "Salaries and Expenses" account: *Provided further*, That funds made available to Tribes and tribal organizations through contracts or grants obligated during fiscal year[2001] 2002, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: *Provided further*, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected Tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss: *Provided further*, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of \$1.00 or less: *Provided further*, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.

[For an additional amount for "Federal Trust Programs" for unanticipated trust reform projects and costs related to the ongoing Cobell litigation, \$27,600,000, to remain available until expended: *Provided*, That funds provided herein for trust management improvements and litigation support may, as needed, be transferred to or merged with the "Operations of Indian Programs" account in the Bureau of Indian Affairs, the "Salaries and Expenses" account in the Office of the Solicitor, the "Salaries and Expenses" account in Departmental Management, the "Royalty and Offshore Minerals Management" account in the Minerals Management Service, and the "Management of Lands and Resources" account in the Bureau of Land Management: *Provided further*, That the entire amount provided under this heading is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.] (*Department of the Interior and Related Agencies Appropriation Act, 2001.*)

**Justification of Proposed Language Changes**  
Office of the Special Trustee

(1). Deletion “For an additional amount for...”

This language provided funds under the FY 2001 Emergency Supplemental Appropriations Act, and is no longer needed.

### Appropriation Language Citations

#### Appropriation: OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

**1. For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants,**

25 U.S.C. 13 provides for direct operation of various federal programs for Indians throughout the United States.

25 U.S.C. 450(f)(a) and 450h(a) directs the Secretary, upon the request of any Indian Tribe, to enter into a contract or contracts to plan, conduct, and administer programs which the Secretary is otherwise authorized to administer (P. L. 93-638, as amended).

31 U.S.C. Chapter 63 provides procedures to be followed in the preparation of Federal contracts, grants, and cooperative agreements.

25 U.S.C. 458(cc) provides procedures to be followed to establish and implement Tribal self-governance compacts.

25 U.S.C. 162a authorizes the deposit and investment of Indian trust funds.

25 U.S.C. 4001 et seq. provides procedures to be followed for Tribal withdrawal of trust funds, and authorizes the Office of the Special Trustee.

25 U.S.C. 459 et seq. includes numerous provisions affecting specific Tribes related to distribution of claims, settlements, and judgments.

**2. to remain available until expended**

25 U.S.C. 13(a) authorizes the carryover of funds, which were not obligated and expended prior to the beginning of the fiscal year succeeding the fiscal year for which such sums were appropriated.

**3. That funds for trust management improvements may be transferred, as needed, to the Bureau of Indian Affairs ...and to the Departmental Management...**

25 U.S.C. 4043(b)(1) authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this

chapter. This language also provides the authority for the OST to transfer funds to the Office of Hearing and Appeals to address probate backlog reductions as part of trust reform efforts.

4. **That funds made available to Tribes and tribal organizations through contracts or grants obligated during fiscal year 2001, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee:**

25 U.S.C. 450(l)(c) authorizes funds obligated for Tribal contracts to remain available until expended.

5. **That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, until the affected tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss;**

Interior and Related Agencies Appropriation Act, FY 1991. Annual Appropriations Acts have continued this provision each year since FY 1991.

6. **That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least eighteen months and has a balance of \$1.00 or less:**

25 U.S.C. 4043(b)(1) authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this chapter.

25 U.S.C. 404 (et seq) requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

7. **That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.**

25 U.S.C. 404 (et seq) requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

## Summary of Requirements

(Dollars in thousands)

Comparison by Activity/Sub- activity	2000 Actual		2001 Estimate		Uncontrollable & Related Changes (+/-)		Program Changes (+/-)		2002 Budget Request		Inc (+) Dec (-) From 2001	
	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt
<b>Office of the Special Trustee</b>												
<b>Executive Direction</b>	10	1,663	12	2,187	0	+41	+3	+268	15	2,496	+3	+ 309
<b>Program Operations, Support and Improvements</b>	347	88,362	389	107,798	0	+553	+8	-11,623	397	96,728	+8	-11,070
<b>Total, Office of the Special Trustee</b>	<b>357</b>	<b>90,025</b>	<b>401</b>	<b>109,985</b>	<b>0</b>	<b>+594</b>	<b>+11</b>	<b>-11,355</b>	<b>412</b>	<b>99,224</b>	<b>+11</b>	<b>10,761</b>



**Uncontrollable & Related Changes**

(dollars in thousands)

**Additional cost in 2002 of January Pay Raises****2001 Pay Raise/ Health Benefits .....**

In 2002, an amount of \$138,000 for the balance of the FY 2001 pay raise and \$58,000 for the estimated increased costs of employee health benefits are being funded through management and program streamlining

2001	2002
<u>Estimate</u>	<u>Change</u>
\$ 33,581	[\$196]

**2002 Pay Raise.....**

The additional costs of funding an estimated 3.6 percent January 2002 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

2001	2002
<u>Estimate</u>	<u>Change</u>
\$ 33,581	+\$419

**Other Uncontrollable Changes:****Rental payments to GSA.....**

The adjustment is for changes in the costs payable to GSA resulting from a net change in rates for office and non-office space as estimated by GSA.

2001	2002
<u>Estimate</u>	<u>Change</u>
\$1,999	+\$64

**Department Working Capital Fund Changes.....**

The change reflects expected changes in the charges for Department services and other services through the working capital fund.

2001	2002
<u>Estimate</u>	<u>Change</u>
\$211	+\$255

**One Additional Pay Day.....**

This adjustment reflects the fact that there is one more payday in FY 2002 than in FY 2001.

2001	2002
<u>Estimate</u>	<u>Change</u>
\$33,581	+\$65

**Unemployment Compensation Payment.....**

The adjustment is for changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.

2001	2002
<u>Estimate</u>	<u>Change</u>
\$209	-\$209

**Internal Transfers.....**

Realignment of \$575,000 from within Program Support and Operations, Office of Trust Funds Management to Program Support Services to reflect transfer of the Trust Fund audit to the Bureau account, which funds consolidated bureau-wide services.

2001	2002
<u>Estimate</u>	<u>Change</u>
+/- \$575	+/- \$575

**Activity: Office of the Special Trustee**

(dollars in thousands)

Sub-activities		2001 Estimate	Uncontrollable And Related Changes (+/-)	Program Changes (+/-)	2002 Budget Request	Change From 2001 (+/-)
Executive Direction	\$(000) <i>FTE</i>	2,187 <i>12</i>	+41 <i>0</i>	+268 <i>3</i>	2,496 <i>15</i>	+309 <i>3</i>
Program Operations, Support, & Improvements	\$(000) <i>FTE</i>	107,798 <i>389</i>	+553 <i>0</i>	-11,623 <i>0</i>	96,728 <i>397</i>	-11,070 <i>+8</i>
<b>Total Requirements</b>	<b>\$(000) <i>FTE</i></b>	<b>109,985 <i>401</i></b>	<b>+594 <i>0</i></b>	<b>-11,355 <i>+11</i></b>	<b>99,224 <i>412</i></b>	<b>-10,761 <i>+11</i></b>

**Objectives:**

The mission-related goals of the Office of the Special Trustee encompass the main areas of focus to provide oversight, reform, and coordination of Indian trust management issues. Responsibility for achieving the goals and performance measures outlined in the Annual Performance Plan is shared by several Bureaus and Offices within the Department, including the OST, BIA, MMS, BLM, the Solicitor and OHA in the Office of the Secretary. The mission-related goals are:

1. Indian trust assets are protected and preserved and all income due beneficiaries is collected timely and accurately accounted;
2. Obtain agreement with all Tribal and individual Indian account holders on the balances in their trust accounts in a manner that is fair to both the Indian community and the general public; does not impair or impede reform efforts; and does not result in reductions of Indian programs; and
3. Provide timely and responsive customer service to account holders.

**Activity: Office of the Special Trustee**  
**Sub-activity: Executive Direction**

(Dollars in thousands)

Sub-activities		2001 Estimate	Uncontrollable And Related Changes (+/-)	Program Changes (+/-)	2002 Budget Request	Change From 2001 (+/-)
Immediate Office of the Special Trustee	\$(000) <i>FTE</i>	1,854 12	+41 0	+167 0	2,062 252	+208 3
External Boards and Associations	\$(000) <i>FTE</i>	333	0	+101	434	+101
<b>Total Requirements</b>	<b>\$(000) <i>FTE</i></b>	<b>2,187 12</b>	<b>+41 0</b>	<b>+268 3</b>	<b>2,496 15</b>	<b>+309 +3</b>

**Immediate Office of the Special Trustee**

**Activity/Sub-activity Narrative:**

The Special Trustee is charged with general oversight of Indian trust asset reform efforts Department-wide and with development of a comprehensive strategic plan for all phases of the trust management business cycle that will ensure proper and efficient discharge of the Secretary's trust responsibilities to Indian Tribes and individual Indians. The Office of the Special Trustee was created to ensure that the Department of the Interior establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. The mission of OST is to provide oversight, reform, and coordination of the policies, procedures, systems, and practices used by the various agencies to manage Indian trust assets. This directly contributes to the Department's goal of meeting its responsibilities to American Indians. In carrying out the management and oversight of the Indian trust funds, the Secretary has a responsibility to ensure that trust accounts are properly maintained, invested and reported in accordance with the American Indian Trust Fund Management Reform Act of 1994, Congressional action, and other applicable laws.

In FY 2001, the Office of the Special Trustee will:

- Oversee Bureau compliance with the goals and objectives set forth in the High Level Implementation Plan, as revised;
- Continue implementation of new systems and appropriate reform efforts in managing Indian trust resources;
- Monitor systems put in place to protect and preserve Indian trust assets and to collect and accurately account for income;

- Continue outreach efforts to Tribes, Congress, and Departmental agencies and offices;
- Hold Advisory Board and Tribal meetings on trust related issues; and
- Establish and evaluate on-going programs, systems, and costs of the Trust Management Implementation Plan.

Justification of Program Changes:

		<b>2002 Budget Request</b>	<b>Program Changes (+/-)</b>
Total Executive Direction	\$(000) <i>FTE</i>	2,496 <i>15</i>	+268 <i>3</i>

Relationship to Performance Goals:

Funds provided for the Office of the Special Trustee for American Indians directly contribute towards the Department's goal of meeting its responsibilities to American Indians.

The Special Trustee's office is actively involved in the broad range of trust reform activities that requires a staff and resources to address the complex issues of Indian trust reform. As new systems become operational, OST must turn to sustaining the improvements to trust fund management activities within the Department. In addition, the Special Trustee is responsible for oversight and management of the Office of Trust Funds Management (OTFM), the Office of Trust Records (OTR), the Office of Trust Risk Management (OTRM) and the coordination and oversight of all activities under the HLIP. These responsibilities include outreach efforts to Tribes, Individual Indians, and Congress on trust fund reform efforts and day-to-day activities of trust fund management and related activities. The Office also has responsibilities, for congressional, legislative, and public information.

In order for the Special Trustee to respond to the extensive duties of the office, additional staff is needed, especially as trust reform moves into another phase in FY 2002. While new trust fund systems became operational in FY 2001, other trust reforms, including operational, policy, risk management, information dissemination and strategic planning for continued activities, must be addressed. An additional 3 staff to focus on internal records management, assistance in support of project management and evaluation, and complying with the complex and varied duties of the Trust Reform Act. This \$169,000 will fund salaries, benefits, travel, and other support costs.

### **External Boards and Associations**

**Activity/Sub-activity Narrative:** This program element provides resources for a cooperative agreement between the InterTribal Monitoring Association (ITMA) and the OST, and the costs of operations for the Office of the Special Trustee's Advisory Board.

ITMA represents Tribal views to the Department and the Congress on reconciliation of past trust fund activity and the implementation of trust reforms impacting both Tribal and individual Indians. ITMA is a Tribal membership organization established in 1991, governed by a 12-member board of directors, and it employs staff and consultants with expertise in legal, policy, and accounting issues related to trust fund management. Funds (\$250,000) provide for personnel costs, telephone, office space, and related office operating costs, including regional and national meetings. The ITMA provides the OST with quarterly reports of activities. The grant to the ITMA has remained at the same level for several years, and the organization has incurred increased operating costs to provide for staff salaries and benefits, travel, rental of space and other increased operating costs to conduct a more active Tribal outreach program. An additional \$100,000 is requested to provide for an increased level of support to the ongoing activities of the ITMA.

The nine-member Advisory Board, constituted under the Reform Act, provides the Special Trustee with advice on policy and program matters. The funds (\$84,000) support travel, meetings costs and other associated costs. The Advisory Board holds approximately six meetings each year. No change in funding is requested in FY 2002.

**Activity:** Office of the Special Trustee  
**Sub-activity:** Program Operations, Support & Improvements

(Dollars in thousands)

Program Elements		2001 Estimate	Uncontrollable And Related Changes (+/-)	Program Changes (+/-)	2002 Budget Request	Change From 2001 (+/-)
Office of Trust Funds Management	\$(000) FTE	15,964 252	+382 0	+155 0	16,501 252	+537 0
Office of Trust Records	\$(000) FTE	6,454 36	+61 0	-3,966 0	2,549 36	-3,905 0
Program Support Services	\$(000) FTE	3,543 4	+110 0	+1,075 1	4,728 5	+1,185 1
Improvement Initiatives	\$(000) FTE	81,837 97	0 0	-8,887 +7	72,950 104	-8,887 7
<b>Total</b>	<b>\$(000) FTE</b>	<b>107,798 389</b>	<b>+553 0</b>	<b>-11,623 +8</b>	<b>96,728 397</b>	<b>-11,070 +8</b>

Note: FY 2001 reflects adjustment of +/- \$575,000 between Office of Trust Funds Management and Program Support Services, as outlined in the un-controllable table.

### **Office of Trust Funds Management**

**Activity/Sub-activity Narrative:** The Office of Trust Funds Management (OTFM) was established in the BIA in 1989 in response to General Accounting Office, the Inspector General, and independent accounting reports which cited significant internal control weaknesses including: inadequate training, inadequate separation of duties, and lack of standardized policies, practices and procedures.

OTFM manages approximately \$3.1 billion of funds held in trust for Indian Tribes and individuals. Approximately \$2.7 billion is held in approximately 1,400 Tribal accounts for roughly 290 Tribes. Approximately \$400 million is held on behalf of individual Indians in over 261,000 accounts and other special trust funds, including the Alaska Native Escrow Fund. Most of these assets are held in trust for Native Americans and are therefore owned by the trust beneficiaries and are not Federal assets.

The *American Indian Trust Fund Management Act of 1994* provides that the Special Trustee shall advise on and oversee the Secretary's proper discharge of various trust responsibilities. The Special Trustee supports the following trust responsibilities through OTFM:

- Provide adequate systems for accounting and reporting trust fund balances.

- Provide adequate controls over receipts and disbursements.
- Provide periodic, timely reconciliation to assure the accuracy of accounts.
- Prepare and supply account holders with periodic statements of their account performance and with balances of their account which shall be available on a daily basis.
- Establish consistent, written policies and procedures for trust fund management and accounting.
- Provide adequate staffing, supervision and training for trust fund management and accounting.

OTFM consists of the Office of the Director and the following six divisions: Quality Assurance; Trust Funds Systems; Trust Funds Accounting; Trust Fund Services; Reporting/Reconciliation; and Field Operations. The responsibilities of OTFM are to:

- Protect and preserve Indian trust funds and receipts, and accurately account for income due beneficiaries; and
- Provide timely and responsive customer service to account holders.

OTFM provides professional, technical, and managerial functions related to and affecting funds held in trust for Indian Tribes and individual Indians. OTFM oversees daily operations and develops, implements, and directs activities related to Indian trust funds improvement initiatives, described under the Improvement Initiatives program element. In March 2000, the 18-month conversion of all Tribal and IIM accounts in all 12 regions to the Trust Funds Accounting System (TFAS) was completed. In FY 2001, OTFM will continue to operate TFAS and focus on continued improvements to IIM accounts, including electronic workflow, imaging, cash management improvements, data integrity, and coordination with the BIA on the implementation of the Trust Asset and Accounting Management System (TAAMS). Additionally, the *Cobell v Norton* litigation continues to place significant demands on OTFM in terms of trial preparation, responses to Plaintiff discovery requests, depositions, and testimony.

This program also supports the personnel located in 11 regional offices and 50 agency offices. The Alaska, Southwest, and Navajo operations are centralized. The Eastern Oklahoma Region is partially centralized, with some staff located at the Osage Agency. The remaining regions have staff at both the regional and agency levels. Field Operations are managed through the Division of Field Operations in Shawnee, Oklahoma. Conversion to TFAS now allows regional and agency staff to devote their time primarily to customer services. An account holder can now go to any OTFM office and obtain real-time information on their account. Encoding for TFAS is centralized at Albuquerque, NM. to address reportable conditions and material weaknesses cited in OST independent audits.

Prior to the transfer of OTFM from the BIA to the OST, the BIA addressed the Self-Governance requirements of trust fund management programs. In FY 1996, one Tribe entered into a Self-Governance agreement for IIM services, which was implemented by the BIA. The funding for this compact is included in the BIA Self Governance base funding and, as such, does not appear in the chart below. In FY 1997, the OST entered into an agreement with two additional Tribes for IIM services. Similar to other non-BIA Bureaus, OST provides contract support for compacts and contracts, as well as other support and assistance to Tribes seeking to compact or contract for services.

The following is the estimated OST Self-Governance compact cost for IIM Services for FY 2001:

<b>Tribe</b>	<b>Compact Amount</b>	<b>Compact Support Estimate</b>	<b>Total Compact Cost</b>
Confederated Salish & Kootenai (Flathead)	55,471	7,766	63,237
Wyandotte Tribe of Oklahoma	4,303	1,402	5,705
<b>Total Paid by OST</b>	<b>59,774</b>	<b>9,168</b>	<b>68,942</b>

Justification of Program Changes;

		<b>2002 Budget Request</b>	<b>Program Changes (+/-)</b>
Office of Trust Funds Management	\$ (000)	16,501	+155
	<i>FTE</i>	252	0

Funds for the OTFM activity principally support the Departmental goal to protect and preserve Indian trust assets, collect and accurately account for income due beneficiaries, and provide timely and responsive customer service to account holders. OTFM resources support the long-term goal to prepare 99 percent of trust fund reports to account holders accurately and timely by September 2004. This goal is dependent on reaching settlement on account balances.

In 2002, OTFM efforts will also be concentrated on coordinating with TAAMS implementation, continuing other improvement initiatives such as imaging, document cleanup, and continuing the development and refinement of policies and procedures for trust fund management and accounting

For FY 2002, an additional \$155,000 is needed to provide for higher grade pay levels of the accounting and technical staff and the increased costs of contracted information and financial services. While OTFM's staffing levels have remained relatively constant in recent years, there have been increased duties, responsibilities, and skills needed to manage trust funds. The



number and grade levels of accounting and related positions must be enhanced to improve and maintain adequate management of the resources held in trust. Positions must be upgraded from technician to professional levels, and professional levels must be competitive with the private sector to provide trust management services at the standards envisioned in the *American Indian Trust Fund Management Reform Act of 1994*. In addition, the costs for contractors who provide technical financial services have and will continue to increase. These services include but are not limited to: securities handling and protection, investment information and financial reporting services.

**Activity:** Office of the Special Trustee  
**Sub-activity:** Program Operations, Support & Improvement  
**Element:** Office of Trust Records

(Dollars in thousands)

		<b>2001 Estimate</b>	<b>Uncontrollable And Related Changes (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2002 Budget Request</b>	<b>Change From 2001 (+/-)</b>
Office of Trust Records	\$(000) <i>FTE</i>	6,454 36	+61 0	-3,966 0	2,549 36	-3,905 0

**Activity/Sub activity Narrative:**

Secretarial Order No. 3208, (January 5, 1999) established the Office of Trust Litigation Support and Records (OTLSR) in OST. On September 29, 2000, the name was changed to the Office of Trust Records (OTR).

OTR develops and implement policies, programs, systems, and services to support the Department's Indian records management programs for related bureaus, Indian Tribes, and individual Indians. Specific responsibilities include accounting, reconciliation, research, settlement, and litigation support related to the management of Indian trust assets, including document production and records management. The Office is leading a unified records management solution for Interior trust records and implementing a uniform and comprehensive BIA and OST records management program. Other reforms cover the full range of records issues including: program management; records retention and storage; training; and electronic records. Current direction and guidelines are stated within the HLIP. The records management program is developed and implemented in concert with the OTFM, BIA, Office of Indian Education Programs (OIEP), MMS, BLM, and OHA, under the legal guidance of the Office of the Solicitor.

A professional records manager with extensive government-wide experience directs the office, which concentrates on the monumental and immediate effort required to meet litigation demands and affect long-term reform to the management of Indian records, as well as the Records Management project of the TMIP. Funds support the Office of the Director, operations of records centers, and settlement and litigation support activities. Funding for the Records Management project is reflected under the HLIP, Records Management section of the budget.

Trust records management and litigation support continue to be areas of significant importance to the Department and have necessitated a substantial commitment of resources by OST, BIA and Office of the Solicitor. Improving the Department's responsiveness to the Court and

strengthening the bonds of cooperation in solving records issues with BIA and the Department of Justice are key issues addressed daily by OST.

One of OST's goals is to obtain agreement with all Tribal and individual Indian account holders on the balances in their trust accounts in a manner that is fair to both the Indian community and the general public, does not impair or impede reform efforts, and does not result in a reduction in services to Indians. Research and complex analysis of historical records, often from several locations, is necessary to produce a reliable and substantial accounting to provide a strong basis for an agreement with the account holders. While the past reconciliation reports on Tribal accounts have been distributed and follow-up actions are still being performed, analysis and interpretation of the data continues as requested by Tribes. Requests for all supporting documents on CD-ROM are common. A major focus is to facilitate and support settlement and litigation efforts for both IIM and Tribal accounts.

The Department has been working on a proposed legislative settlement for resolving disputed balances in Tribal trust accounts. Lawsuits continue to be filed which require substantial discovery and document production efforts. OTR must identify, locate, assemble, review, and analyze trust financial documents in response to discovery, subpoena, and other legal requirements. The extensive nature of some litigation and the complexity of trust financial management require OTR to develop specialized search techniques and complex document handling procedures to preserve document integrity and meet legal requirements. OST takes all precautions so that document production does not further diminish the Indian trust records, and that original documents are not permanently removed from the files.

On February 22, 1999, the Court found Interior Secretary Babbitt, Treasury Secretary Rubin, and Assistant Secretary Gover in contempt for non-compliance with certain document discovery orders. An agreement was reached with the Court on 36 predecessors-in-interest including the named Plaintiffs. The most significant document search and production effort to date is complying with Court-ordered production of documents for the five-named Plaintiffs and their predecessors in interest. OST completed its search and production in December 2000. As of December 2000, over \$20 million had been expended Department-wide to locate, produce, and image approximately 46,500 documents.

Support for this litigation requirement was provided in part, through FY 1998, FY 1999, and FY 2001 supplemental appropriations. Of the \$23.6 million supplemental funds appropriated specifically for *Cobell* litigation support, \$16.5 million has been allocated. The remaining \$7.1 million will support the continuing *Cobell v. Norton* litigation requirements, including Trial II costs.

To continue implementing the Government's trust responsibilities in improving overall accountability and availability of research services to the Government, beneficiaries, and their representatives, OTR is striving to reduce response time to research requests, whether from individual requesters or part of litigation support. Improvement plans include:

- Identifying efficiencies and establishing improved records filing methodologies to consolidate historical and ongoing individual account records to provide quicker turn-around time in analyzing and responding to inquiries.
- Expanding internal detailed inventories to be able to identify the location of most documents from electronic search instead of manual searches currently conducted.
- Making detailed inventories available electronically to enable field personnel to quickly identify the specific historical documents available to meet their needs.
- Expand management control and periodic monitoring to assure continued accessibility with proper protection and safeguarding of the records and the information therein, and providing quicker response to public requests under the Freedom of Information Act requirements.

Additional costs of records management and records storage costs are reflected under the Records Management Project in the Improvements Initiative section.

Justification of Program Changes:

		<b>2002 Budget Request</b>	<b>Program Changes (+/-)</b>
Office of Trust Records	\$(000) <i>FTE</i>	2,549 36	-3,966 0

Funds for the OTR activity are used in support of the Departmental goal to protect and preserve Indian trust assets, collect and accurately account for income due beneficiaries, and provide timely and responsive customer service to account holders.

In FY 2001, nearly \$4 million was provided to support the estimated expenses associated with the ongoing *Cobell v. Norton* litigation. These funds will be used to provide for the Department's continued expenses in support of this litigation. As the litigation costs are unknown, the FY 2002 appropriations can be reduced. This \$4 million decrease is partially offset by an additional \$25,000 in increased operating costs for activities funded in this program. The Department will continue to keep the Congress informed as additional information on the *Cobell* litigation develops.

**Activity/Sub-activity Narrative:**

**Activity:** Office of the Special Trustee  
**Sub-activity:** Program Operations, Support & Improvement  
**Element:** Program Support Services

(Dollars in thousands)

		<b>2001 Estimate</b>	<b>Uncontrollable And Related Changes (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2002 Budget Request</b>	<b>Change From 2001 (+/-)</b>
Program Support Services	\$(000)	3,543	+110	+1,075	4,728	+1,185
	<i>FTE</i>	4	0	1	5	+1

**Activity/Sub-activity Narrative:**

Program Support Services funds various services OST receives under contract agreements for a variety of administrative services primarily, through Interagency Agreements with other agencies, and for acquisition management functions conducted by OST. The Office of the Secretary's National Business Center provides administrative accounting functions and Equal Opportunity Services. The Minerals Management Service provides human resources functions. OST performs acquisition management and other general administrative functions. This program also funds GSA space, FTS, and other bureau-wide general administrative support costs. Significant expansion of funding for trust improvement programs has required the hiring of additional permanent and temporary staff, negotiating and awarding numerous contracts and significant changes in financial accounting reporting. These changes impact the level of services charged by providers to assist OST in these activities.

**Justification of Program Changes:**

		<b>2002 Budget Request</b>	<b>Program Changes (+/-)</b>
Program Support Services	\$(000)	4,728	+1,075
	<i>FTE</i>	5	+1

The trust improvement program expansion continues in FY 2002. Services provided by other organizations are based on the level of employment, contracting volume, payment volume and travel voucher processing. As the level of funds increases overall, these services increase. Overall employment is planned to increase in OST from a level of 357 FTE's in FY 2000 to 412 in FY 2002. Total appropriations, and total volume of contracts, purchase orders, travel

vouchers etc., has also increased. FY 1999 appropriations were \$62 million. FY 2002 total request is \$110 million. An additional \$1,074,000 is requested to provided for the increased costs for these services provided by other agencies, and for the additional space costs to house programs. Significant growth in the OST programs and related trust improvements will impact service agreements in procurement, personnel and finance related activities, and have resulted in additional costs for these services. In addition, the various, HLIP projects being implemented by OST will require both additional temporary staff and contract resources. Procurement and personnel services as well as finance and accounting service support for TMIP projects are increasing as additional requirements are being met and increased levels of service are being provided.

The estimated total costs of these services are provided in the following table:

<b>Services</b>	<b>FY 2001 Estimate</b>	<b>FY 2002 Estimate</b>	<b>Total Change</b>	<b>Services Provider</b>
Accounting Services	418	450	+32	National Business Center
Personnel Services	332	460	+128	Minerals Management Service
EEO Services	31	40	+9	Office of the Secretary
Acquisition Services	329	375	+46	Office of the Special Trustee
GSA Rental	1,304	2,100	+796	General Services Administration
FTS 2001/2002	135	135	0	General Services Administration
Working Capital Fund	211	466	+255	Department of the Interior
Unemployment Comp	209	0	-209	Department of Labor
Trust Audit Services	574	675	+101	Office of the Special Trustee
Financial Statements	0	27	+27	Inspector General
<b>Total</b>	<b>3,543</b>	<b>4,728</b>	<b>+1,185</b>	

Note: The 2001 estimate reflects transfer of \$575,000 from the OTFM sub-activity. The total change includes both the uncontrollable increase of \$110,000 and the program increase of \$1,074,000. Table may not add due to rounding.

**Activity:** Office of the Special Trustee  
**Sub-activity:** Program Operations, Support & Improvement  
**Element:** Improvement Initiatives

(Dollars in thousands)

		<b>2001 Estimate</b>	<b>Uncontrollable And Related Changes (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2002 Budget Request</b>	<b>Change From 2001 (+/-)</b>
Improvement Initiatives	\$(000)	81,837	0	-8,887	72,950	-8,887
	FTE	97	0	+7	104	+7

### **Overview:**

This program supports the BIA strategic goal to fulfill the trust responsibility to protect and preserve trust lands and trust resources. It also supports the Office of the Special Trustee's strategic goal to protect and preserve Indian trust assets and collect and accurately account for income due beneficiaries. Finally, it supports the Department's goal of meeting its responsibilities to American Indians. Trust reform is the result of over 150 years of varied government practices regarding trust management, outlined below:

- C In the early 1800's, the United States pursued the policy of removal, which promoted the relocation of Tribal communities from their homelands in the East and Midwest to remote locations.
- C For most of the 19<sup>th</sup> century, the Federal Government entered into a series of treaties and agreements identifying the lands owned by the Tribes. Tribal lands vacated were then declared surplus, purchased by the U.S. and added to the public domain.
- C Proceeds from the sale of Indian lands were used in a variety of ways. In some cases the money was placed in a trust fund for a specific Tribe or distributed to individuals. In other cases, the funds were used to settle claims against the Tribe.
- C For the most part, early treaties vested ultimate authority for financial management of the Tribal resources with the President. In a few cases, the Secretary of Treasury, an Indian agent, the Indian Commissioner, or after 1857, the Secretary of the Interior was given authority.
- C The individual trusts at issue here were created over one hundred years ago through the General Allotment Act of 1887, also known as the Dawes Act.
- C Under the Dawes Act, Tribal lands were divided into parcels and allotted to individual Indians. The United States was established as the trustee of the allotted lands for individuals, and individual accounts were set up for each Indian with a stake in the allotted lands to be managed for the allottees' benefit.

- C This system established under the Dawes Act remained relatively intact even when the Indian Reorganization Act of 1934 stopped the process of dividing Tribal lands, but extended all trusts periods indefinitely. The Federal government's duty as trustee over control of allotted lands and the individual accounts that form the basis of the individual Indian money (IIM) accounts has remained and this is what we are grappling with today.

In FY 2001, Congress provided the \$81.8 million that was requested for Improvement Initiatives. These funds, together with \$31 million in unobligated balances that carried forward from FY 2000, will be used to continue trust improvements, acquire, and operate trust management and accounting systems, clean-up account data, and reduce backlogs in several trust asset processing functions. Some of the expected accomplishments in FY 2001 include:

- C In March 2000, OST completed the conversion of all Tribal and IIM accounts in all 12 regions to the Trust Funds Accounting System (TFAS). Currently, approximately 263,000 Tribal and IIM open accounts are maintained on the system. Approximately 120,000 statements are mailed out each quarter to account holders.
- C The majority of IIM trust financial records have been consolidated into a central location in Albuquerque, New Mexico, with the exception of IIM records from three Tribal locations.
- C OST has begun using a national commercial database to help locate more than 65,000 account holders whose whereabouts are unknown. To date, more than 31,000 accounts have been compared with the database to identify possible addresses. More than 18,000 letters requesting confirmation of identities have been sent. More than 2,600 account holders have been located and their account information updated. Responses to the majority of the letters are still pending.
- C Effective December 29, 2000, the *land title* portion of the Trust Asset and Accounting Management System (TAAMS) was made the system of record. With this designation, TAAMS is officially designated the system for the recordation and maintenance of Indian title documents reflecting current ownership for current title processing in four BIA Regions: Alaska, Eastern Oklahoma, Rocky Mountain, and Southern Plains. The conversion of title history data is not yet complete.
- C The Trust Management Improvement Project Steering Committee determined that the TAAMS *leasing* module should be available for Steering Committee evaluation and approval for the Rocky Mountain Region by May 31, 2001. A recent update on the progress indicates that the realty module will be available in the Rocky Mountain Region to run parallel with the legacy systems by June 1, 2001. The BIA has assigned key



managers on a full-time basis to complete this effort. A schedule and plan for deployment to the other BIA Regions will be developed.

- C BIA and OHA have hired additional legal and support staff, including contract assistance to begin reducing the existing backlog of Indian probates cases, streamline the probate process, and develop a case management tracking system. These efforts will require significant management attention for several years to address all the impacts of probate on trust programs in BIA, OHA and OST operations.
- C Final regulations for Leases and Permits on Indian Lands, Trust Funds for Tribes and Individual Indians, Grazing Permits on Indian Lands and Indian Probates became effective on March 23, 2001. These revised regulations are long overdue and will establish nationwide standards of uniformity for trust administration.
- C The Risk Management Program Handbook was published November 30, 2000. This Handbook provides the guidelines for OST's monitoring and review of risk within the Department's trust processes.
- C The non systems training program for relevant Interior and Tribal trust asset management employees has been initiated in locations across the country. Training the trust asset management workforce is an ongoing commitment that is critical to the successful implementation of new business practices, accounting systems, new regulations, and management information systems.
- C The Department is developing a plan to present to Congress on the feasibility of using a statistical sampling approach that may provide the basis of a historical accounting or some basis for settlement of *Cobell*. This approach was considered because of the state of trust records and the enormous costs associated with a historical accounting for each individual account. A senior project manager has been hired to begin development of this project plan.

The following table provides a comprehensive funding plan for trust improvement projects for FY 2001 and FY 2002, covering both new appropriations and actual or estimated carryover balances. The estimated carryover balances brought forward from FY 2001 have been reflected to fully understand the scope of the FY 2002 Budget request. Overall project estimates may not change, but the obligation of funds may be delayed because of changes in the timing of contract awards, project evaluations, or revised project milestones. In addition, any unobligated funds from projects, which are not required, due to revised estimates, or other economies, are returned to the overall project pool for reallocation to other projects, in order to address unforeseen project costs increases.

SUMMARY OF ESTIMATED RESOURCES AVAILABLE FOR HLIP/BREACHES PROJECTS  
(Dollars in thousands)

<b>Improvement Project</b>	<b>FY 2001 Enacted</b>	<b>FY 2000 Carry/Adj</b>	<b>Estimated Total Available</b>	<b>Estimated FY 2001 Obligation</b>	<b>Estimated FY 2001 Carryover</b>	<b>Estimated FY 2002 Budget OST</b>	<b>Estimated Total Available FY 2002</b>
OST Data Cleanup	998	577	1,575	1,575	0	1000	1000
BIA Data Cleanup	10,277	6,358	16,635	10,635	6,000	3,000	9,000
Probate Backlog	11,870	2,540	14,410	14,410	0	12,000	12,000
TFAS	14,967	733	15,700	14,700	1,000	15,000	16,000
TAAMS	13,494	9,106	22,600	18,600	6,000	14,000	20,000
Records Management	7,982	4,168	12,150	12,150	0	6,300	6,300
Trust Policies and Procedures	1,539	149	1,688	1,688	0	1,000	1,000
Training	2,993	1,366	4,359	4,359	0	6,500	6,500
Internal Controls (Risk Management)	2,993	382	3,375	3,375	0	4,000	4,000
Internal Controls (Trust Imp. Coord).	1,851	879	2,730	1,730	1,000	950	1,950
Breaches	2,894	2,768	5,662	2,662	3,000	1,700	4,700
Statistical Sampling	9,978	0	9,978	978	9,000	7,500	16,500
Reserve	0	2,000	2,000	0	0	0	0
<b>Total TMIP</b>	<b>81,837</b>	<b>31,026</b>	<b>112,862</b>	<b>86,862</b>	<b>26,000</b>	<b>72,950</b>	<b>98,950</b>

Note: FY 2001 estimated reserve carryover programmed to TAAMS in FY 2002. Table may not add due to rounding.

**TRUST MANAGEMENT IMPROVEMENT PROJECT**Overview:

For FY 2002, \$73 million in new appropriations is requested to implement 9 sub-projects funded by OST and as reflected in the HLIP, Court identified breaches and a statistical sampling project. One project is funded under the MMS budget and one project (appraisal backlogs) has been completed and the ongoing operational program is funded under the BIA budget. These funds, together with an estimated \$26 million in planned unobligated carryover will provide a total of \$99 million for continued implementation of trust reform initiatives. Funding for BIA and OHA components of TMIP are requested under the OST Budget. The sub-projects funded are as follows:

1. **OST Data Cleanup.** OST is standardizing and verifying IIM system data for trust financial records, and correcting and establishing an inventory of hard copy records for each trust fund account.
2. **BIA Data Cleanup.** BIA trust records will be cleaned up to ensure accurate land title and resource management information. This will be coordinated with the eventual deployment of TAAMS at each implementation site.

<p><b>Data Cleanup Defined.</b> The Data Cleanup subprojects within OST and BIA are aimed at ensuring that data housed in existing or new systems are accurate and complete, and aimed at eliminating transaction-processing backlogs to ensure records are up-to-date--particularly land ownership information and records. Therefore, references to data cleanup in this report should be viewed broadly, as including both data purification (correction), and data updates (data and information transaction processing).</p>
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3. **Probate Backlog.** BIA and OHA will inventory, identify and develop action plans and procedures to eliminate the probate backlog. BIA and OHA will also implement reinvention lab recommendations to streamline and improve the entire probate process.
4. **Trust Funds Accounting System (TFAS).** The Office of Trust Funds Management installed a proven commercial off-the-shelf trust accounting system to replace the present BIA IIM accounting module.
5. **Trust Asset and Accounting Management System (TAAMS).** The BIA has acquired commercial off-the-shelf land management system technology. The BIA is modifying this system to reflect the unique aspects of Indian trust requirements for the system including master lease, billings and accounts receivable, and collection subsystems. Following successful testing and piloting, the TAAMS system will proceed to full

implementation, replacing the present BIA Integrated Records Management System (IRMS). In addition, the Land Record Information System (LRIS) function has been incorporated into TAAMS.

6. **Records Management.** A joint Records Management solution for Interior trust records, involving OST, BIA, MMS, BLM, OHA and other relevant DOI offices is being implemented. The scope includes Indian trust records management, storage, access, control and disposition, and electronic record keeping, including imaging technology.
7. **Trust Policies and Procedures.** DOI trust policies and procedures are being inventoried, reviewed and, where appropriate, revised or established for the purpose of improving the management, accounting, investment, auditing and reporting of Indian trust assets.
8. **Training.** Includes both trust management and employee skills training relevant to delivery of Interior's trust fiduciary responsibilities to American Indians, Tribes, DOI trust management employees, and participating contractors.
9. **Internal Controls (Risk Management /Trust Improvement Coordination).** Internal control deficiencies, identified through internal and external audit, Congressional oversight and outside reviews, will be validated and corrective actions implemented. A permanent trust risk management office has been established to conduct continuing revisions of trust operations across DOI to ensure performance of Indian trust management responsibilities. This subproject also funds certain trust improvement oversight and coordination responsibilities either by contract assistance or a limited staff to address the trust improvement initiative.

Oversight monitoring and accountability is provided internally through the Secretary's Trust Management Improvements Steering Committee, chaired by the Special Trustee for American Indians, and externally from the OMB and cognizant Congressional committees. In addition, the District Court has retained jurisdiction for 5 years to oversee the implementation of the Department's trust reforms.

Two HLIP projects are not included in the OST budget.

**BIA Appraisal.** This sub project has been completed and the ongoing appraisal activities are included in the BIA budget

**MMS System Reengineering.** Includes the design, development and implementation of new core business processes for the MMS's Royalty Management functions and supporting systems.

Improvements will address the HLIP objectives of accurate accounting, timely reporting and transactions, and appropriate management of resources on Trust lands. Funds for this project are included in the MMS budget

The Improvement Initiatives activity also includes funding to address four breaches of trust identified by the District Court and the Statistical Sampling Project. Funding to begin addressing these requirements was included in Title V of the Emergency Supplemental Appropriation for FY 2001.

**Collection of Missing Information from Outside Sources.** Objectives are to: 1) describe the nature and extent of IIM trust accounts since passage of the *American Indian Trust Fund Management Reform Act of 1994*; 2) present a logical approach to assess the state of documentation, information and data available and necessary for the Department of the Interior to meet its obligations under the Act; 3) identify approaches and options for gathering missing documents, information and data from third parties to supplement the Department of the Interior's present files; and, 4) commence the planning, decision process and programming of personnel and budget resources that will be necessary for the successful gathering and organization of documents, information and data from third parties.

**Retention of IIM-Related Trust Documents.** This effort is included as part of the Records Management project.

**Computer and Business Systems Architecture Framework Plan.** The objective is to provide the blueprint for defining and mapping business processes within the trust management activity from existing procedures and systems to the new operating environment.

**Workforce Planning.** The objectives of this plan are: 1) to ensure adequate staffing requirements and associated funding are reflected in the budget development process to meet the full personnel needs of trust management business functions consistent with statutory requirements; and 2) to ensure workforce planning is done in a timely fashion and that there is consistency, where appropriate, among the organizations.

Also included under Improvement Initiatives, is:

**Statistical Sampling Project.** This project will plan, organize, direct, and develop a plan to present to Congress on the feasibility of using a statistical sampling approach that may provide the basis of a historical accounting or some basis for settlement of *Cobell*. This approach was considered because of the state of trust records and the enormous costs associated with a historical accounting for each individual account.

Each of the subprojects may be modified during implementation to reflect changed and/or unanticipated circumstances, including, for example, the availability of funding and personnel provided by the Congress.

The sub-projects and funding estimates are as follows:

(dollars in thousands)

TMIP PROJECTS	FY 2001 Budget Authority	FY 2002 Budget Authority	Change +/-
OST Data Cleanup	998	1,000	+ 2
BIA data Cleanup	10,277	3,000	-7,277
Probate Backlog	11,870	12,000	+ 130
BIA Appraisal	0.0	0.0	0.0
Trust Funds Accounting System	14,967	15,000	+33
Trust Asset and Accounting Management System	13,494	14,000	+506
Records Management	7,982	6,300	-1,682
Trust Policy and Procedures	1,538	1,000	-538
Training	2,993	6,500	+3,507
Internal Controls/ (Risk Management)	2,993	4,000	+1,007
Internal Controls (Trust Improvement Coordination)	1,851	950	-901
Breaches	2,894	1,700	-1,194
Statistical Sampling	9,978	7,500	-2,478
<b>TOTAL</b>	<b>81,837</b>	<b>72,950</b>	<b>-8,887</b>

Note: Minerals Management Service (MMS) project funding included in MMS Budget. Project funding noted above includes only new budget authority and does not reflect unobligated balances available to projects. Table may not add due to rounding.

## OST DATA CLEANUP

### Overview:

OST is standardizing and verifying IIM system data for trust administrative records, and recommending corrections and establishing an inventory of hard copy records used daily for each trust fund account. These tasks often involve the BIA in policy decisions, review and implementation, along with assisting in compiling accountable IIM jacket folders. Additionally, the project provides an inventory of the hard copy records, determines its condition and recommends any corrective actions. A quality review team checks and verifies the corrective actions. The desired results are that:

- C Every Region/Agency/Tribe will use a standard set of codes to open and maintain accounts in the Trust Funds Accounting System (TFAS);
- C Every Region/Agency/Tribe will obtain the most complete and accurate information possible for each account holder and this information will be reflected properly in the TFAS.
- C Every IIM account will have a jacket folder with documentation regarding the management of that individual account.

Clean-up activities have, as expected, identified a significant number of items that will require additional effort to address under phase II. These include locating missing vital statistics data, closing improper accounts, locating whereabouts unknown beneficiaries, reviewing, encoding management code changes, and assisting in documenting corrective actions on duplicate accounts identified in conversion efforts. Significant additional work must also be undertaken by OST and BIA to address about 23,000 special deposit and other accounts, as well as continuing to locate whereabouts unknown account holders, address account balance deficiencies and other clean up efforts.

- C The majority of IIM trust financial records have been consolidated into a central location in Albuquerque, New Mexico, with the exception of IIM records from three Tribal locations. OST is responsible for the efficient use, accuracy, and preservation of these trust records. BIA and OST sent a letter to the three Tribes requesting their cooperation and input on trust records. A response has not been received. DOI is working on a letter to the Court explaining the current status of this matter.
- C OST is using a national commercial database to help locate more than 65,000 account holders whose whereabouts are unknown. Through March 31, 2001 more than 31,000 accounts have been compared with the database to identify possible addresses, and more

than 18,000 letters requesting confirmation of identities have been mailed. More than 2,600 account holders have been located and their account information updated. Responses to the majority of the letters are still pending.

These efforts will continue in FY 2001, with approximately \$1.6 million expected to be obligated for these activities in FY 2001.

Justification of Program Change:

In FY 2002, \$1 million is required for continued data clean up related to IIM accounts. No carryover balances are anticipated. A small staff and a contractor will continue search efforts for missing mandatory documents, special deposit clean-up, and location of whereabouts unknown account holders.

These clean up efforts will continue to further refine the trust fund account database. Conversion to the new TFAS did not resolve all deficiencies nor affect a 100 percent cleanup of OST financial trust documents. In some cases documentation is absent or missing from active files, or local procedures have created special cleanup actions unique to a particular Region or Agency. In other cases, management codes need to be reevaluated for many IIM accounts, the use of Special Deposit accounts must be reconciled with regulation and law, and existing accounts cleaned up in coordination with BIA.

Cleanup work includes items such as identifying and modifying name and address records for those with two or more names and address records, clarification of accounts using maiden names, and correction of coding contradictions including invalid dates or sort characters. These pre-and-post-cleanup activities will likely be performed by a combination of contractors and OST staff.

**Whereabouts Unknown.** Maintaining current addresses has been a longstanding problem as the number of missing account holders grows every year, many of which are attributable to fractionation. Ironically, the number of bad addresses has grown as a result of reform initiatives that are increasing the amount of correspondence generated to the highly mobile account holder population.

**Special Deposits Accounts.** Numerous OIG findings have cited the significant misuse of special deposit accounts for purposes other than those established in 25 CFR 114.2 as temporary suspense accounts. Over the years, the number of special deposit accounts which have been opened and remained inactive over 18 months has proliferated. The BIA, Office of the Solicitor, and OST will jointly: a) establish a policy to address current deficiencies and problems; b) define which accounts are appropriately categorized as trust fund accounts; and c) begin a new process of handling collections. The Office of the Solicitor is to address issues



regarding special deposit cases, which have been referred for legal review and determinations. An implementation plan has been drafted for cleanup procedures based on a Region-by-Region assessment with activity planned to be initiated in late FY 2001 and continue unto FY 2002.

**Resolve Accounting Discrepancies.** As part of the Department's efforts to address past management of Indian trust accounts, the Department proposed legislation in 1998 aimed at eliminating historic variances between and among the Department and Treasury's accounting records. The proposed legislation required research efforts to determine the cause of the variances, and appropriated funding to clear the discrepancies in the event the cost of research would exceed the cost of clearing the discrepancies. Congress did not enact the legislation. While this initiative is largely related to rectifying the past, it is also an integral part of the Department's reform efforts because these variances impact the day-to-day management of Indian trust funds. (e.g. complex interest distribution)

*Prospective Efforts.* The prospective aspect of resolving accounting discrepancies chiefly involves securing funding necessary to eliminate any continuing impact on account beneficiaries. A \$6.7 million estimate (mandatory budget authority) is included in the 2002 President's Budget to increase the IIM investment pool to the aggregate total of the positive balances in the underlying IIM accounts. The Administration had proposed a similar appropriation in its April 1998 Tribal trust fund settlement legislative proposal, which was not enacted by Congress.

*Retrospective Efforts.* The retrospective aspect of resolving accounting discrepancies involves determining the historic impact of these accounting discrepancies on account beneficiaries and rectifying specific variances (for example, true overdrafts in trust accounts).

In April 1999, the Office of Trust Funds Management completed an inventory of known accounting discrepancies that includes descriptions of the research efforts performed to date. A briefing was held in May 1999 for Department, OST, Solicitor, Inspector General, OMB and Treasury staff to describe the major accounting discrepancies: IIM fund balance with Treasury; IIM subsidiary ledger with fund balance; Tribal trust fund balances with Treasury; and budget clearing accounts. During the summer, OTFM provided further briefings for Treasury staff to determine alternative solutions for rectifying the variances between Treasury and fund balance accounts. In October 1999, Treasury proposed that OTFM either conduct further reconciliation or seek an appropriation to bring OTFM's fund balances into agreement with Treasury's, an approach similar to the Department's 1998 legislative proposal.

Resolution of Indian trust accounting discrepancies is complex, and involves multiple offices within and outside the Department, including Congress. Potential interest impacts are particularly difficult to resolve due to lack of clarity regarding the obligation to pay interest on IIM accounts, and complex distributions challenges attributable to limited automated historical

data and variability of account holder composition over time. In order to determine the precise impact on account beneficiaries, substantial reconciliation efforts may be required. OST has hired additional expertise to coordinate the resolution of these account variances, including coordination with Departmental offices, determining the need for additional reconciliation in a manner consistent with the Department's trust responsibilities. The Department continues to develop a proposed legislative approach to addressing this issue.

## **BIA DATA CLEANUP**

### Overview:

The BIA is implementing a new Trust Asset and Accounting Management System (TAAMS) throughout all Regions, Agencies, and participating Tribal Offices. TAAMS will replace the current legacy systems that support the land title and resource management functions performed by BIA. The legacy systems use outdated technology, requires duplicate data entry, and increases the potential for inconsistencies with the information contained in each system.

The data in the legacy systems varies considerably in terms of quality, completeness and timeliness. Some offices use the systems regularly, others use them rarely, and still others have redefined the legacy system to fit their own needs. Finally, some offices have created their own systems in place of the legacy systems. For example, due to the legal requirements to maintain hard copies of certain land related documents, both the Land Title and Records Office (LTRO) and Agencies maintain voluminous manual files and folders, and in numerous cases have developed local automated and manual applications supplanting IRMS.

### Legacy Systems

There are currently two BIA automated systems used to manage Indian trust assets: the Land Records Information System (LRIS), and the Integrated Records Management System (IRMS).

- LRIS supports the land title function by providing land title-related information e.g. ownership and encumbrances. It calculates ownership interests (in fractional and decimal forms) used by Agencies for distribution of land revenue.
- IRMS supports the land resource management function and is primarily used at the Agency level for generating lease bills and for income/revenue distribution to Indian owners. It contains information on Indians (People File), Leases (i.e., pasture, range, timber, mineral mining), land ownership, oil and gas royalties, and IIM accounts.

#### Legacy System Shortcomings

The information contained in each of these systems is entered manually, contains duplicate data elements, and is not integrated or crosschecked for consistency. As a result, the same data has the potential of being inconsistently maintained by each system.

LRIS and IRMS are not integrated, have no electronic interfaces and duplicate much of the same information (i.e., ownership, land, and leases/encumbrances). This increases the chance of data-entry errors and the potential for inconsistency in the information contained in each system. Neither LRIS nor IRMS fully or adequately support all the activities of the land title and resource management functions performed at the Land Title Records Office (LTRO) or Agency levels.

#### The Trust Asset and Accounting System (TAAMS)

In cooperation with the OST and in coordination with the Department's Information technology Office, the BLM, and the MMS, the BIA is developing TAAMS as a standard nation-wide system for tracking the BIA's trust resource management programs. Beginning with commercial off-the-shelf land management software, the BIA is modifying the software by redesigning it to fit unique program needs. As each module of the system is designed, it is then tested, piloted, deployed and implemented. The system will interface with the OTFM's TFAS and with the MMS's royalty management programs. TAAMS will include an asset management system with land title and leasing activity modules. The leasing module will include accounts receivable, billing and collection functionality. The design, testing deployment and implementation phases of the land title module are complete at the pilot region and three additional regions.

The design phase of the leasing module is expected to be completed by June 2001. TAAMS also will have modules for the probate and appraisal programs, which will relate directly to the title and leasing functions.

#### Migrating Data to a New System

As part of the implementation process, data from the legacy systems must be migrated to TAAMS. Data in this context includes individual pieces of system-housed data as well as data included in documents affecting the title and encumbrances on title for individual Indian and Tribal lands held in trust by the United States. The data is used in the following BIA functional areas:

- **Land Titles and Records**
- **Trust Programs**
  - Surface Leasing/Range Permits
  - Sub-Surface Leasing
  - Rights of Way/Other encumbrances
  - Acquisitions and Disposals

Forestry

- **Appraisals**
- **Probate**

Need for Data Cleanup

The scope of the BIA Data Cleanup effort is extensive. At present, the BIA is managing an estimated 170,000 tracts of land encompassing:

- 56,000,000 acres
- 350,000 Indian owners
- 2,000,000 owner interests
- 100,000 active leases

All the documents that generate changes to the ownership status of the land are affected by Data Cleanup including those pertaining to contracts, encumbrances, probate orders, timber sales, etc. These documents are maintained as BIA hard copy records or in legacy electronic systems or both.

The BIA Data Cleanup and Management Effort.

The BIA data cleanup effort is focused on land title and resource management information maintained by the BIA in automated systems, microfilm/ microfiche and hard copy file systems. The data maintained electronically in support of land title and resource management requires review for inconsistencies and errors and reconciliation. The proper administration of BIA data involves two major functions: 1) The cleanup of existing data in BIA's automated systems, as well as initial entry of data not previously automated into an electronic format; and 2) the continuous, comprehensive management and care of data after the initial data cleanup is accomplished. The data cleanup process will resolve data entry backlogs where they exist and reduce data entry workloads such that the BIA agency offices can keep up with their normal land management data entry workload. The ultimate goal of data cleanup and management is to ensure correct and updated data to ensure that Indian trust records meet management and operational standards, and establish permanent data integrity at all BIA levels.

The BIA data cleanup subproject will:

- Identify missing documents and data and enter the pertinent data into the appropriate systems;
- Ensure that data in existing legacy systems are consistent prior to migration to the new system;
- Perform manual research and data entry at sites;

- Verify and reconcile current and historical data;
- Prepare data for conversion to TAAMS;
- Establish effective data administration policies and procedures;
- Coordinate the BIA cleanup effort with the other cleanup efforts (e.g., OST, OHA);
- Provide clean land records and title data to support timely deployment;
- Minimize impact to ongoing land management activities at the title records offices, Agencies, and Tribes;
- Maximize contractor support to ensure that current daily operations are not adversely impacted and service remains responsive and the records updated as appropriate.

The data cleanup strategy involves multiple phases (four of which are accomplished by the data cleanup contractor):

- Office preparation for data cleanup activities
- Data cleanup assessment
- Data cleanup planning
- Pre-deployment data cleanup
- Post-deployment data cleanup
- Data auditing
- Data management by the BIA

The object is to complete all cleanup tasks prior to data conversion and migration to TAAMS. However, data cleanup activities continue after the deployment of the core TAAMS functions. With the system functionality in place, the BIA will have the automated environment and support tools to complete the necessary data cleanup requirements. Once deployed, TAAMS will be an on-line relational database system where data is entered once and stored only once in the system.

Approximately \$10.6 million is expected to be obligated for this subproject in FY 2001.

Justification of Program Change:

The FY 2002 budget request is an appropriation of \$3 million for data cleanup. An estimated \$6 million in unobligated balances will provide a total of \$9 million in FY 2002. Data cleanup will continue after the deployment of TAAMS in some regions, as it is anticipated that deployment of TAAMS will enhance the continuing data cleanup efforts. Data cleanup and TAAMS deployment must be coordinated and the requested funds are necessary to support the TAAMS revised deployment schedule. The deployment schedule requires individual site readiness reviews, including assessment of the status of data cleanup efforts at each region. The revised TAAMS deployment schedule is as follows:

Group A: (Title module already deployed; leasing module to be deployed to complement the title module on the following schedule):

- Rocky Mountain June - August 2001
- Southern Plains July - October 2001
- Eastern Oklahoma September - October 2001
- Alaska October 2001 - February 2002

Group B: (Title and leasing modules to be deployed simultaneously)

- Southwestern January - March 2002
- Navajo February - May 2002
- Western April - July 2002
- Northwestern June - September 2002

Group C: (Title, leasing and any future modules to be deployed simultaneously)

- Great Plains September - November 2002
- Midwestern October 2002 - January 2003
- Eastern December 2002 - February 2003
- Pacific January 2003 - March 2003

The foregoing TAAMS deployment schedule is predicated on a successful user acceptance test of the leasing module in May 2001, a Departmental deployment decision expected in June 2001. The data cleanup initiative effort is projected to continue through December 2005.

## **PROBATE BACKLOG**

### Overview

The Secretary is charged with administering trust or restricted resources for the benefit of individual Indian owners. Federal law permits Indian resource owners to pass title to their trust assets by testamentary devise or by intestate succession. The Secretary has the duty of determining the legal heirs to the trust assets after the death of an Indian trust asset owner (Act of June 25, 1910, 36 Stat. 855, 25 U.S.C. 372, 373). As generations pass, Indian heirs become owners of undivided interests in the trust and restricted assets. The multiple common ownership is referred to as fractionated heir ship.

Due in large part to the great numbers of fractionated interests in trust assets, probate cases have become backlogged in BIA regions with high concentrations of allotted lands. The Indian Probate Reintervention Laboratory (Reintervention Lab) found that and that were no standardized

procedures for facilitating timely processing, and that both BIA and OHA lacked sufficient staff dedicated to probate case work.

The primary objectives of this project are to: (1) to eliminate the BIA summary distribution and BIA/OHA estate backlogs; and (2) to prevent future backlogs by developing and implementing streamlined processes for probate casework. The HLIP addresses backlogs in five areas of the probate process: (1) case preparation and processing; (2) posting and recording title; (3) summary distribution of estates containing only trust funds of less than \$5,000; (4) cases pending decision at OHA; and (5) redistribution of escheated (*Youpee*) interests.

### **Probate Backlog**

The progress on the first objective began in FY 2000 with contracts to begin work to reduce the backlogs in case preparation and processing and posting and recording title. The Attorney Decision Makers (ADMs) should complete the elimination of the non-complex summary distribution backlog by the end of the FY 2001. The ALJs and temporary Indian probate judges have made considerable progress on reducing the pending backlog cases at OHA in FY 2001.

**Probate Case Processing Backlog.** There were approximately 5,400 cases identified in the HLIP in which 90 days had elapsed since BIA had received the notification of death, the time frame that the existing OHA regulations allow for BIA's processing of the case. Under the BIA's regulations (January 22, 2001), the time to complete the probate package was changed to 120 days after the verification of the death to provide more realistic schedules. In FY 2001, the BIA executed a contract to conduct a pilot to develop a plan and budget for a national rollout due to the high volume of this backlog. The pilot sites are three BIA agencies and one contract Indian Tribe within the Western Region (Phoenix area). The goal is to complete approximately 120 cases within four months and prepare a project management plan to rollout the contract on a national basis in FY 2001. It is estimated that contractors will continue through FY 2003 to complete this effort.

**OHA Pending Cases Backlog.** During FY 2000, OHA received approximately 3,012 probate cases from BIA and decided 3,300 cases. During FY 2001, OHA will focus its attention on eliminating cases on its current docket that are older than 12 months. OHA's objective is to decide all cases in its docket that older than 12 months, except in unusual circumstances when the facts of the case prevent resolution in that period. During this period, OHA will also concentrate on new case decisions to avoid additional backlogs. OHA estimates that it will receive approximately 3,000 cases from BIA in FY 2001 and will decide approximately 3,500 cases during that period.

**Summary Distribution Backlog.** Approximately 1,000 backlog cases contain only trust funds, which may be decided through summary distributions. Ten ADM's were hired and offices

established in FY 2000. As of February 28, 2001, 331 have been decided and 231 are pending decisions. The BIA summary distribution backlog differs from OHA's pending case backlog in that the BIA probate staff must first prepare the probate package and then refer the case to the ADM's. In contrast, the cases pending at OHA have been prepared, docketed, and are awaiting decision. The time to prepare the case is the same for BIA summary distribution as it is for OHA. Only the decision process is summary. Thus, if all of the summary distribution cases are prepared and submitted, then the ADM's should complete the elimination of the summary distribution backlog by the end of the FY 2001.

**BIA Posting and Recordation Backlog.** Approximately 4,600 cases have been decided, but are awaiting BIA posting and recording actions to amend the land ownership records to reflect the new ownership in the ALJ's decision. This includes posting, recordation of title information in the Land Title and Records Office (LTRO), and amendment of BIA Agency records. In FY 2000, BIA funded a contract to initiate the work at three LTRO's: Great Plains Region (serving Great Plains Region, Aberdeen, South Dakota and Midwest Region, Minneapolis, Minnesota); Southwest Region (serving Southwest Region, Albuquerque, New Mexico; Navajo Region, Gallup, New Mexico; and Western Region, Phoenix, Arizona); and the Northwest Region, Portland, Oregon. As of February 28, 2001, 765 cases, comprising 7,123 tracts have been completed at these three LTROs. There are an additional 216 cases completed by the contractor awaiting BIA approval. The contract to eliminate this backlog continues throughout FY 2001 and into FY 2002.

**Backlog Created by Youpee v. Babbitt.** In 1997, the United States Supreme Court held that the escheat provision in the Indian Land Consolidation Act, 25 U.S.C. 2201, *et seq*, was unconstitutional. The escheat provision provided that, upon the death of an Indian owner, any fractionated interests of 2% or less is returned to the Tribe having jurisdiction over the land or resource. The BIA must now redistribute the escheated interests to the estates of the Indian decedents from the Tribes and amend the ownership records to show the proper heirs. Approximately 178,000 restricted and trust interests involving 13,000 estates must be redistributed. In FY 2001, the BIA conducted a pilot project at the Southern Plains LTRO and the Pawnee Agency to determine the time and cost to redistribute interests. The Pawnee Agency prepared essential financial documentation for OTFM and BIA detailed an employee to assist OTFM in the actual distribution of income by October 2000. An analysis the pilot is expected to be completed by April 30, 2001. In FY 2001, Phase II of the Youpee pilot is designed for OTFM to study their financial costs to determine the amount due and payable including interest and distribute the income to the proper heirs or devisees. In FY 2002, Phase III of the Youpee pilot will examine nationwide land valuation to determine the estimated costs to buy-out the escheated interests. Funding for Phase II and III of the pilot is included in the appropriation for the Indian Land Consolidation Program



Based on these pilots, the BIA will develop a national rollout plan to be implemented in phases. The redistribution of escheated interests will be contracted and will continue for several years. Funding for the redistribution contract is also included in the FY 2002 appropriation for the Indian Land Consolidation Program

**Streamlining and Standardizing the Probate Process**

The second primary objective encompasses a holistic approach for probate trust reform as recommended by the Reinvention Lab. The overall framework for streamlining and standardizing the probate process to prevent future backlogs fall into following key categories:

**Regulation Revision.** In August 1999, OHA increased the dollar limit from \$1,000 to \$5,000 on cases that could be handled through summary distribution to facilitate the prompt resolution of more probate cases and reduce the summary distribution backlog. In May 2000, a technical amendment was made that allow both the BIA Superintendents and ADM's to decide summary distribution cases. BIA issued final probate trust reform regulations for the processing of probates on January 22, 2001. In FY 2001, OHA will propose amendments to its current regulations (43 C.F.R. Part 4) to be consistent with the recently published BIA regulations.

**Staffing and Training.** Position descriptions for the ADM's, ADM Clerks, Probate Clerks and Probate Specialists were standardized throughout the nation in June of 2000. To begin work on the summary distribution backlog and current cases, BIA provided funding in August 2000 for approximately 30 new probate FTE's at field offices with the highest death rates. In FY 2000 and FY 2001, OST provided funding for 10 ADM's and 10 ADM Clerk positions. During FY 2000, OHA opened four new field offices and expanded the size of one existing field office and hired 4 temporary probate judges and new administrative law judges and staff. Under the direction and leadership of the probate subproject, training was provided in FY 2000 to over 100 BIA probate and realty staff and the ADM staff

In FY 2001, BIA transferred 34 existing Real Estate Services positions to full time probate positions and provided an additional 10 FTE's to bring the total number of probate staff to 74 under BIA's Tribal Priority Program. Additional OHA staff will also be hired during FY 2001. In October 2000, training was provided to over 100 OHA ALJ's and staff and the BIA ADMs. At the end of March 2001, BIA provided training to some 160 BIA, Tribal, and ADM probate staff in the implementation of the final probate regulations effective March 23, 2001, and the Internet-based electronic submission of files from BIA to OHA. The probate subproject is coordinating this training with the OST training subproject to develop and fund this program.

**Tribal Outreach.** Collateral activities have been conducted with the Indian Tribes who contract with the Office of Self-Determination or compact with the Office of Self-Governance for the BIA's probate function. Currently, BIA is inventorying the number of Indian Tribes with

statutory and ILCA-approved Tribal inheritance codes and BIA will be developing a model inheritance code in FY 2001. In FY 2001, the probate trust reform page on the BIA web site will provide continued educational assistance and guidance to viewers in estate planning and also provide a means to check on the status of probate cases.

**Expansion of OHA's Tracking System** OHA's current caseload tracking system is to be expanded into a joint BIA/OHA interim tracking system for probate cases. Probate personnel from the BIA, OHA, and contract/compact Indian Tribes will be able to access the system through the Internet after security clearance is authorized. The public will be able to only view a limited amount of information by decedents name such as when the notice of death was reported, the status of the case, identification of the deciding official, hearing dates, and whether a decision has been issued in the case. In FY 2001, this interim system has been developed and is currently ongoing testing. The government's server will be housed at OHA for operation and maintenance purposes. This interim tracking system will be in place until full conversion is made into TAAMS.

Approximately \$14.4 million is expected to be obligated for these activities in FY 2001.

Justification of Program Change:

The FY 2002 budget requests \$12 million to continue the ongoing reform activities for probate backlog reductions, including the funding of contracts to reduce backlogs in case preparation and processing, posting and recording title. No unobligated balances are anticipated to carryover into FY 2002. Included within this amount is \$600,000 to provide approximately one half the costs of the ADM and ADM support positions. The balance of the funds will be provided from the BIA appropriation account. The overall backlog reduction efforts will continue for several years to address the significant backlog workload in probate activities.

In FY 2002, OHA estimates that it will receive approximately 3,500 cases from BIA and will decide approximately 4,500 cases during that period. By the end of FY 2002, OHA expects to reduce average processing time for substantially all new probate cases so that all cases on OHA's docket will be decided within 12 months, except in unusual circumstances.

Funding will also be utilized to continue contracting efforts in addressing probate backlogs. In addition, an ongoing activities will be to promote a working agreement (memorandum of understanding) between BIA and Indian Tribes to share information to prepare probate packages, and encourage Indian tribes to enact a model inheritance code that will reduce increased fractionation and escheat of interests under the Indian Land Consolidation Act Amendment of 2000.

## TRUST FUNDS ACCOUNTING SYSTEM

### Overview:

In FY 2000, the OST, in coordination with the Department's Office of Information Resources Management, installed a Trust Funds Accounting System (TFAS), suitable for both Tribal and IIM accounts. TFAS provides the basic accounting, investment, disbursing, and reporting functions common to commercial trust funds management operations. The system is operated and maintained by a contractor, SEI Investments, Inc. Over a three-year period, OST completed the conversion of all Tribal and IIM accounts in all 12 regions to TFAS. Currently, approximately 263,000 Tribal and IIM accounts are maintained on the system. Approximately 120,000 statements are mailed out each quarter to account holders.

The number and types of accounts on the system varies each month, due to impacts from several projects. For example, new accounts are created as needed, and some accounts are coded as closed through the data clean up process. In addition, the Data Clean up project continues to address special deposit accounts. In some cases, when these accounts are not valid trust accounts, they are closed. Ongoing activities in Probate Backlogs and *Youpee* backlog cases will also impact the number of accounts on the TFAS system. In addition, as TAAMS becomes operational in more locations, that too, will have an impact on the number of accounts needed for account holders. OST pays for each open account on the system, and the cost of each account are dependent on the number of transactions for an account. This makes it difficult to accurately predict the costs associated with the number and types of accounts on the system in the future. OST continues to work to maintain only those accounts on the system that are necessary.

As IIM accounts were converted to TFAS, the encoding of IIM transactions was centralized to the OST office in Albuquerque, NM. This centralized data entry provides for consistent input, proper supporting documentation of essential data and better quality control of data. Performing data entry at the local levels is inefficient and is often interrupted by day-to-day operation activities with account holders, resulting in incomplete or inaccurate data entry. The centralization has also resulted in strengthened internal controls (e.g., separation of duties). The centralization has facilitated a 100% pre-review of all IIM transaction source documents prior to encoding to TFAS, and 100% post-review of system information versus source document information. These functions were not consistently performed in the past, when transactions were processed in the field.

The conversion training staff now utilized as system training staff coordinate and implement quarterly TFAS system enhancements and provide day-to-day assistance to users. Since TFAS has been operational, adjustments and enhancements have been implemented to continue to make the system more proficient to the users. Automation of the work tickets, and computer

output to laser disk components have been added to assist in meeting ongoing requirements and to continue to get the most optimal use from the systems capabilities.

The Help Desk, established in conjunction with the system conversion, has a toll-free phone number for both internal and external customers. The Help Desk hours of operation are from 7:00 A.M. to 7:00 P.M. Central Time in order to assure that all OST Field Operations have access to the help desk, regardless of their location. This allows the inquirer to call one number to obtain help on any issue, eliminating the frustration of being transferred or being given instructions to contact a different office.

With the implementation of TAAMS, lock boxes will be utilized for better cash management and to provide for separation of duties that is not currently possible at all BIA and OST locations, due to the limited size of some offices.

Approximately \$14.7 million is expected to be obligated for this subproject in FY 2001.

Justification of Program Change:

For FY 2002, \$15 million in appropriations is requested for total TFAS activities. With an estimated \$1 million in unobligated balances, a total of \$16 million will be available for the following TFAS operations and support functions in FY 2002:

\$13.1 million is needed for the TFAS system contract, as well as associated support programs including, Continuity of Operations costs for backup systems, Computer Output to Laser Disc (COLD) systems, customer strata station (electronic work ticket), operations of lock boxes, contractor insurance, TAAMS interface costs, and other support functions for the system operation. It is estimated that this level will support a level of approximately 277,000 open accounts. Current estimates include approximately 5,100 high volume accounts and 271,900 low volume accounts. The costs in FY 2002 per account increases from \$3.28/month to \$3.42 month for low volume accounts and for high volume accounts from \$14.06/month to \$14.62 month.

Efforts will continue to identify accounts that may be coded as closed, following a complete and careful documentation to ensure that account holders are not negatively affected. It is difficult to predict the number of accounts that will be in the system after completion of a comprehensive data clean-up, as some accounts will be coded as closed and other new accounts will be added as a result of probate cleanup actions, *Youpee* cases or other actions, and per capita payments.

\$1.8 million is needed to fund centralized data entry. The pre- and post-review of all transactions enhances accountability to the account holders.

\$500,000 for testing and training of the TFAS vendor scheduled quarterly enhancements to their system. OTFM has the responsibility for training OST, BIA and Tribal staff on systems use and enhancements. The staff will test enhancements prior to implementation and work with the vendor to clarify any issues identified during testing.

\$500,000 for the replacement/upgrades of computer workstations, computer security, and other hardware, software and network systems purchased between FY 1998 and FY 2000. A scheduled 33% equipment replacement and program upgrades is being implemented in FY 2001 to keep equipment operational and to meet current technology requirements.

\$135,000 to operate the Help desk from 7:00 A.M. to 7:00 P.M. Central Time to address both internal and external issues.

## **TRUST ASSET AND ACCOUNTING MANAGEMENT SYSTEM (TAAMS)**

### Overview:

The BIA is implementing an electronic Trust Asset and Accounting Management System (TAAMS) throughout all Regions, agencies, and participating Tribal Offices. TAAMS will replace the current legacy systems that are used to support the land title and resource management functions performed by BIA. The legacy systems do not adequately satisfy BIA's needs. The legacy systems use old technology that does not facilitate data integrity. Because of the inadequacies of existing capabilities in some locations, two systems are utilized to support discrete functions. The reliance on multiple automated systems requires duplicate data entry and increases the potential for inconsistencies with the information contained in each system.

In cooperation with the OST and in coordination with the Department's Office of Information Resources Management, the BLM and the MMS, the BIA is developing TAAMS as a standard nationwide system for tracking the BIA's trust resource management programs. Beginning with commercial off-the-shelf land management software, the BIA is modifying the software by redesigning it to fit unique program needs. As each module of the system is designed, it is then tested, piloted, deployed and implemented. The system will interface with the OTFM's TFAS and with the MMS royalty management programs. TAAMS will include an asset management system with land title and leasing activity modules. The leasing module will include accounts receivable, billing and collection functions. The design, testing deployment and implementation phases of the land title module are complete at the pilot region and three additional regions. The design phase of the leasing module is expected to be completed by June 2001. TAAMS also will have modules for the probate and appraisal programs, which will relate directly to the title and leasing functions.

The data found in the legacy systems varies considerably in terms of quality, completeness and timeliness. Some offices use the systems regularly, some infrequently, some have redefined the legacy systems to be more responsive to their needs, and finally, some have created their own systems in place of the legacy systems to meet their unique needs. For example, due to the legal requirements to maintain hard copies of certain land related documents, both the Land Title and Records Office (LTRO) and agencies maintain voluminous manual files and folders, and in numerous cases have developed local automated and manual applications, which supplant Integrated Records Management System (IRMS).

### **Legacy Systems**

There is currently two BIA-wide automated systems used to manage Indian trust assets: the Land Records Information System (LRIS), and the IRMS.

- LRIS supports the land title function by providing land title related information such as current title ownership and possessor interests. LRIS calculates ownership interests in fractional and decimal figures, which are used by agencies for distribution of land and resource revenues.
- IRMS supports the land resource management function and is primarily used at the agency level for generating lease bills and for income/revenue distribution to Indian owners. It contains information on individual Indians (People File), leases and permits (pasture, range, timber, minerals, gravel), land ownership, oil and gas royalties, and IIM accounts. Several of the BIA regions use locally designed and maintained systems to support the leasing and disbursement activities. Others perform this function manually.

### **Legacy System Shortcomings**

LRIS and IRMS are not integrated, have no electronic interfaces and duplicate much of the same information (ownership, land, and leases/encumbrances). This increases the chance of data-entry errors and the potential for inconsistency in the information contained in each system. Neither LRIS nor IRMS fully or adequately support all the activities of the land title and resource management functions performed at the Land Title Records Office (LTRO) or agency levels. The information contained in each of existing systems is entered manually, contains duplicate data elements, and is not crosschecked for consistency. As a result, the data has the potential for being inconsistently maintained by each system.

### **TAAMS:**

Three Native American 8(a) management/ technology firms were selected in December 1998 to provide day-to-day support to the TAAMS project team. An additional firm was procured to provide assistance in developing data dictionaries and data conversion techniques. The BIA will continue to utilize outside assistance to supplement internal resources.

The BIA is working with the software vendor to modify the off-the-shelf product through an iterative process of developing system prototypes. Each prototype is reviewed by the user and further revisions are made until the prototype is accurate and reflects business needs.

The initial system modification effort includes all development requirements of TAAMS, including developing the interfaces with TFAS and MMS, mandatory reports, and all contract functional requirements that were determined to be mandatory in the original contract. As the initiative progressed, it became apparent through interaction with the users that certain features could be deferred and others should be accelerated. Contract modification was necessary to ensure that the required core functionality was properly identified and were necessary to reflect the dynamic system development that has been undertaken by the Department.

### **Training**

The software vendor will conduct TAAMS training, with assistance from BIA program experts, and will utilize train-the-trainer concept. A TAAMS Training Committee will provide oversight. Training will be based on the title and leasing functional needs of the BIA and Tribal staff and will vary in length from one day to one full week. Training effectiveness will be evaluated and re-training for staff will be conducted as necessary. New user training will be scheduled during deployment at other sites with training on the BIA Business Processes to follow thereafter. Training will generally be conducted in a central training facility. Approximately 50 training sessions will be conducted for BIA and Tribal staff over the next two years. The provider will be tasked with staffing an extensive help desk operation to aid in the deployment and training effort.

### **Rocky Mountain Region Pilot**

The original deployment strategy for TAAMS was to design all functionalities of the system and deploy at all agency locations sites in the pilot region, Rocky Mountain Region (Billings, Montana). The Rocky Mountain Region was selected because the work at the Region and the agencies not only encompasses all functions to be included in TAAMS, but the Region has a significant number of individual Indian allotments. The initial strategy plan was that after a successful testing and deployment of all functionalities of TAAMS in the pilot region, full deployment of the entire system would be done region by region in the remaining 11 regions over two years. Based on the pilot site activities, on August 11, 1999, the TAAMS Configuration Management Board (CMB) revised the strategy to one that concentrates on deployment of the title function of TAAMS to the Land Title Records Offices (LTRO) of four regional offices, including the pilot site. Once operational at the pilot site, Departmental Management will determine the approval for nationwide deployment.

### **Deployment of Title Module**

In February 2000, a title function user test was conducted in the Rocky Mountain Regional Office. The results were analyzed to determine what fixes were required prior to deploying the

TAAMS Title Function. A follow-up user acceptance test was conducted in April 2000. In addition, a usability questionnaire was administered to the participants. After successful testing, on April 28, 2000, the title function of TAAMS was deployed at the Rocky Mountain Region and the following Land Title and Records Offices:

- Alaska Region May 2000
- Southern Plains Region July 2000
- Pacific Region August 2000
- Eastern Oklahoma Region September 2000

In September 2000, the TAAMS Project Manager revised the deployment strategy in a manner that would permit completion of the design, testing and deployment of the leasing module in the Regions as follows:

- Group A: Rocky Mountain, Southern Plains, Alaska, Eastern Oklahoma
- Group B: Northwestern, Southwestern, Navajo, Western
- Group C: Great Plains, Midwestern, Eastern, Pacific

On December 29, 2000, the title module of TAAMS was implemented and made the system of record in the pilot region, Rocky Mountain Region, and in the remaining three Regions in Group A: Southern Plains, Alaska and Eastern Oklahoma.

#### **Leasing Module**

A Realty Transaction Verification Exercise (RTVE) was completed in the Rocky Mountain Region September and October 2000. The RTVE clearly identified where the TAAMS Realty application met BIA requirements and where additional development was needed. The RTVE provided a basis for the Gap Analysis completed in January and February 2001 to identify the remaining development requirements to bring the TAAMS Realty Application into compliance with BIA requirements. The result of the Gap Analysis will be integrated into the TAAMS Realty Application Baseline.

BIA and OTFM requirements for the leasing module (forestry, minerals, range, rights-of-way, and permitting) and the interface with TFAS were given to the software developer in mid-February 2001. User testing will commence in May 2001. The TAAMS Integrated User Acceptance Test is scheduled for June 2001.



**TAAMS Revised Deployment Schedule:**

The TAAMS deployment of the title and leasing modules of TAAMS is predicated on successful IV & V, user acceptance testing, and a Departmental deployment decision. Once the foregoing conditions are met, the following projected deployment schedule may be slightly adjusted to accommodate Site Readiness Reviews:

Group A:

- Rocky Mountain June - August 2001
- Southern Plains July - October 2001
- Eastern Oklahoma September - October 2001
- Alaska October 2001 - February 2002

Group B:

- Southwest January - March 2002
- Navajo February - May 2002
- Western April - July 2002
- Northwestern June - September 2002

Group C:

- Great Plains September - November 2002
- Midwestern October 2002 - January 2003
- Eastern December 2002 - February 2003
- Pacific January 2003 - March 2003

**TAAMS Deferred Modifications :**

The TAAMS software services contract identified a number of functions for TAAMS that were important, but not required in TAAMS Version 1. They were classified as mandatory-deferred. The list of mandatory and mandatory-deferred items has evolved over time as TAAMS undergoes development, testing, and evaluation. For example, some requirements were deferred following review of the BIA Business Processes and review of the Gap Analysis in January and February 2000.

Design teams continue developing requirements for future functions. The Appraisal Design team completed its requirements for the Automated Management System and the Comparable Sales Database. The team still needs to develop requirements for an Automated Valuation Module. The Probate Design team is developing requirements for a Probate module. Schedules for completion of these and other modules will be determined during contract negotiations for the software development of the modules.

### **TAAMS Documentation and Supporting Information**

A significant amount of documentation is being developed to support implementation of TAAMS, which includes an expanded data encyclopedia, user entry reference guidance, user manuals, and explanations of the system architecture. All documentation will be reviewed and incorporated as appropriate in the Department's Trust Business and Computer System Architecture Framework.

Approximately \$18.6 million is expected to be obligated for the TAAMS project in FY 2001.

#### **Justification of Program Change:**

For FY 2002, \$14 million in appropriations is required to support the TAAMS contractor costs that include site licenses, help desk services, and service bureau expenses. With an estimated \$6 million in unobligated balances, a total of \$20 million will be available for TAAMS activities in FY 2002. The FY 2002 request will also support a small permanent BIA project management staff responsible for the design of other modules, deployment; training, monitoring of related TAAMS contracts such as data cleanup, and travel expenses for BIA/Tribal field staff. The requested level will also provide resources for enhanced TAAMS functional requirements such as appraisal and probate case management to supplement the title and leasing functions, in addition to other new system features.

## **RECORDS MANAGEMENT**

#### **Overview:**

The inadequacies of Indian trust records have been well documented in Congressional reports, legal documents and testimony, the Special Trustee's Strategic Plan, various audits and oversight reports, including those of the National Archives and Records Administration (NARA), and in the media. Among the primary obstacles to improving the Indian trust management program and complying with the *American Indian Trust Management Reform Act of 1994* are the poor records and record keeping systems of the BIA. The decentralization of the Bureau and varying conditions at its offices have resulted in a complex record keeping environment, even as reliance on its records has increased. Attempts in the early 1990s to correct these problems were insufficient, inconsistent, and cut short by reductions in resources. Since Secretarial Order 3197 transferred the financial trust services function from BIA to the OST in February 1996, some of the deficiencies applied to OST records as well.

Because the records are important, the conditions complex, and the interest in the records high, the Department is working to improve their management. On May 19, 1999, the Department established a combined BIA and OST records management program office, Indian Affairs Records Management (IARM) in Albuquerque. In addition to working with other DOI bureaus

that manage Indian trust records to achieve standardized procedures, IARM has responsibility for establishing and maintaining an active and continuous records management program for the BIA and OST. The program is also responsible for carrying out a number of specified actions and reforms covering the full range of records issues including program management, records retention and storage, training, and electronic records.

The Director, OTR, manages the Indian Affairs Records Management program. For the IARM, the Director reports to the Indian Affairs Records Management Steering Committee, which consists of the Assistant Secretary-Policy, Management and Budget; the Assistant Secretary-Indian Affairs; and the Special Trustee for American Indians.

In addition, records management has been identified as a continuing material weakness in the BIA. Actions taken under the HLIP have been designated as the Bureau's corrective action plan to eliminate the weakness.

The initial planning assumptions, subject to continuous review by the Department and the National Archives and Records Administration (NARA), include:

- Shared budgetary resources directed to a single, joint records operations solution, which will likely include shared staff and facilities;
- Cost-effective, workable solutions to temporary records handling, storage, and retrieval, which relies on the use of contractor assistance and NARA as fully as possible;
- Cost efficient temporary physical storage facilities pending accession to NARA, Federal Records Centers, and Archives;
- Appropriate preservation and safeguarding of records from loss, damage, destruction and unauthorized access;
- Provision of training, guidance, and oversight of records in the OST and BIA trust operations under a joint operations concept.

Records management reform efforts started in FY 2000 and will continue with most of the activities extending over two or more fiscal years.

A records management program:

- Refers to the planned, coordinated set of policies, procedures, and activities needed to manage an agency's recorded information,
- Encompasses the creation, maintenance and use, and disposition of records, regardless of media, and

- Includes issuing up-to-date program directives, properly training those responsible for implementation, and evaluating the results to ensure adequacy, effectiveness, and efficiency.

A successful program requires a strong foundation of sufficient resources: adequate funding, equipment, facilities, technologies, and knowledgeable, well-trained, experienced people. To establish a solid foundation, the IARM will:

- Integrate information and records management policies and procedures into BIA and OST programs as standard business practices
- Create acceptance throughout BIA and OST for the records program's benefits and value
- Make BIA and OST aware of records management requirements
- Train all employees appropriately in their records management responsibilities
- Maximize available resources—dollars, equipment, facilities, technologies, and people
- Establish controls to protect information and records against loss, destruction, or alteration
- Provide adequate records storage capability
- Establish and implement standard files management practices and equipment, and
- Investigate the use of new technologies to improve records management efficiencies.

Establishing these activities takes time and cannot be implemented immediately. The new Indian Affairs Records Management program has an approach has been devised to implement the program with some activities being phased-in consistent with the timelines and milestones identified in the HLIP. The Records Management three-tiered approach is as follows:

1) Clean up the past by:

- Improving records storage conditions
- Repairing damaged records, and
- Eliminating records disposition backlogs.

IARM completed a survey of trust records in jeopardy and initiated corrections in FY 2000. The task of cleaning up the existing records disposition backlog at BIA locations is scheduled for completion by May 2002. Working with BIA and OST program offices, the IARM is identifying records that can be retired to the National Archives, a Federal Records Center (FRC), or other repository, and promoting their transfer as one means of eliminating improper records storage conditions. Site visits will continue throughout the remaining two years of the three-year project to manage the clean up and provide cyclic evaluations of local records programs. As inactive records are appropriately disposed of and removed from office space, IARM is working with BIA locations to purchase more appropriate storage equipment. This activity is being undertaken

systematically; to purchase new equipment without first removing inactive records from office space thwarts one of the goals of the reform initiative.

2) Improve the present by:

- Preserving records of historical value and replacing those needed for current business with working copies
- Verifying the validity of all existing records schedules
- Researching retention requirements for trust records and consulting with interested parties
- Training employees in their records management responsibilities
- Identifying BIA records and establishing a records lifecycle database, and
- Establishing appropriate policies, procedures, and standards.

IARM has undertaken a number of pilot projects, still in their development phase, to preserve records of historical value and replace those needed for current business with suitable copies. Because a sound records management program includes the continual verification of all existing records schedules and the continual revision of schedules, the retention of all trust record programs will be thoroughly researched and interested parties consulted. The IARM will incorporate a number of new approaches into records control schedules to increase their flexibility and ease of use, and to expedite their approval by the Archivist of the United States. The schedules will be issued in a format easy to follow by those who create and maintain records.

IARM in partnership with the NARA has developed innovative training for presentation to all levels, management as well as administrative staff, in records management. The training curricula include formal classroom training, awareness briefings, and technical materials associated with records management policies, procedures, practices, and general records management-related information on a variety of media. The training curricula have been tailored to meet the interests and environment of Indian Country. The records that are created and maintained in Indian affairs are unique in that they deal with three important resources; people, land, and money. They document Native American history, represent ownership and security for Native American's today, and are the legacy for future Native American generations. Copies of historic documents such as pictures capturing significant milestones in American Indian history, maps showing the boundaries of original Indian territories, and documents assigning land allotments and paying Indian beneficiaries are incorporated into the sessions to emphasize the concept that records just are not boxes of paper.

In addition, IARM has contracted with a commercial advertising firm to design technical pamphlets that are used, in addition to formal classroom training, as aids to meet the

requirements of the HLIP. The pamphlets are aimed at Native Americans and our Native American community. They inform BIA and OST personnel, as well as contractors and clients, of records management program requirements, benefits, and responsibilities; internal record keeping practices; and, other practices associated with the records management program. Three pamphlets have been developed thus far, and future pamphlets will include: information on how to retire records to the FRCs; "do's and don'ts" of imaging; what every employee needs to know about records; and the Privacy and Freedom of Information Acts.

The IARM is establishing a life cycle database to maintain an inventory for all trust and other Indian affairs records nationwide. Establishing this means of intellectual control is the one of the best means to verify the existence, and proper maintenance and disposition of records.

Fiscal Years 2001 and 2002 include the development of appropriate policies and procedures. A successful program ensures that the records created adequately document programs and activities, are protected, and are accessible throughout the life cycle. The IARM will review trust records policies and procedures with MMS, BLM, and OHA and establish a continuing dialogue. OST will publish for individuals in all agencies an Indian trust desk guide in a convenient and attractive format incorporating the history, laws, various processes, and comprehensive record keeping requirements for the program.

3) Plan for the future by:

- Making certain electronic records are being maintained according to Office of Management and Budget and National Archives and Records Administration requirements
- Developing innovative approaches in electronic record keeping, and
- Finding solutions for managing electronic transactions, electronic mail messages, and other electronic documents.

In conjunction with the Department, IARM will take steps to comply with NARA requirements for scheduling office automation electronic source documents and for preserving electronic office automation records in electronic format where appropriate. IARM will further develop a records strategy for imaging and other information technology, make certain that electronic records are being maintained according to Office of Management and Budget and NARA requirements and the 1996 Amendments to the Freedom of Information Act, and that records management considerations are routinely incorporated into information system development, e.g., TFAS and TAAMS.

As part of the effort to safeguard vital source documents that authorize account establishment and support transactions recorded in IIM and Tribal trust accounts, the records supporting the accounts were collected from their previous field office locations and centralized in records

center storage in Albuquerque. In addition, documents supporting transactions recorded into TFAS daily work are also stored centrally in Albuquerque. Research in the administrative file jacket source documents required to respond to requests by account holders at field offices must currently be completed at the records center through manual research with copies faxed to the requestor. A project to image the administrative file jackets and daily work will convert the source documents to images, while preserving the paper originals. Documents will be scanned and indexed for easy retrieval. The documents will then be available electronically to OST staff both in Albuquerque and the field. This project also includes a quality assurance task that will verify that images have been scanned correctly and are readable. A pilot of 2 million images was completed in FY 1999. Following the lessons learned in this largely successful pilot, the effort has been expanded in scope. The indexing scheme, retrieval capabilities, and overall efficiency of the system have been upgraded and consideration is being paid to the appropriate software.

A second project is designed to marry an electronic transaction document to an image capture process to reduce the large amount of paper and redundant encoding currently required to complete a transaction for the TFAS. Currently, the transaction information and the required backup are faxed to Albuquerque where they are printed and circulated for quality assurance, encoding, and another quality check. The paper is then filed for subsequent imaging. This second project will provide for the capture of the information (transaction and backup documentation) at the source, thus avoiding the delay and expense of scanning documents. It will eliminate the paper, expedite processing, and make images of the backup material immediately available for use by staff in Albuquerque and the field.

Records Management accomplishments to date also include:

- IARM incorporated numerous General Records Schedules issued by the Archivist into BIA and OST records schedules enabling a number of administrative (non-trust) records previously "frozen" to be properly disposed.
- Major emphasis on cleaning up inactive records stored in off-site facilities.
- IARM has been to some 60 BIA regional and agency offices to assess records management practices and/or identify records to be transferred to Federal Records Centers or other appropriate storage, or properly disposed (non-trust).
- More than 2300 cubic feet (nearly 6 million pages) already transferred to Federal Records Centers, ending four-year moratorium. 5200 cubic feet (13 million pages) packed and inventoried by IARM through the National Archives and Records Administration and Iron Mountain Incorporated.
- IARM arranged for the purchase of fireproof or other modern filing systems for more than two-dozen BIA locations to date.

- IARM is promoting the program through education and innovative training for all staff levels, more than 1200 employees have attended records training.
- Supplementing the training program are attractive pamphlets: Personal Papers, Managing E-Mail, and the Indian Affairs Records Management Program.
- IARM is producing other technical information to readily inform BIA and OST personal and others of records management responsibilities, internal record keeping practices, and technical tips on preparing records for transfer to a FRC.
- Approximately 75 million pages of trust financial and IIM account records have been transferred to OST storage in Albuquerque.

Approximately \$12.2 million is expected to be obligated for this program in FY 2001. This amount includes approximately \$8 million in FY 2001 appropriations, and \$4.2 million in unobligated balances that will be applied to the overall records clean up program activities that planed to be accomplished in FY 2001.

Justification of Program Change:

For FY 2002, \$6.3 million is required for continued support of records management activities. These funds will provide for records management staff, training, records storage and clean up, imaging and other associated costs of addressing records management issues.

Key planned accomplishments in FY 2002 include:

- Complete the project to cleanup the records disposition backlogs at BIA and OST offices, and Tribal organizations that compact or contract Indian affairs programs.
- Complete the systematic purchase of appropriate filing systems and equipment for BIA, OST, and Tribal, where applicable, offices.
- Progress in replacing historical records with working copies.
- Complete appropriate training to all Indian affairs employees in their records management responsibilities; reschedule classes as needs dictate.

## **TRUST POLICIES AND PROCEDURES**

Overview:

Proper management of Indian trust assets has been hampered by a lack of comprehensive, consistent, up-to-date regulations, policies, and procedures covering the entire trust cycle, from management of trust assets to distribution of trust income. Additionally, contemporary Federal environmental protection statutes have placed agencies with little direct previous experience in managing Indian trust resources in the position of significantly affecting the use and disposition



of Indian trust resources. This has resulted in program gaps and divergent practices, and a corresponding inability to ensure that consistent, sound policies and procedures are applied across the Department in its fulfillment of its trust responsibility. Moreover, there is a need for a comprehensive review of statutory and regulatory authorities and internal program guidance (such as procedural manuals or interagency agreements) to determine the need for revisions and/or the generation of new guidance.

Under this sub project:

- C Trust principles for Departmental management of Indian natural resources and trust funds have been developed and issued.
- C Current regulatory provisions for Indian trust programs will be reviewed and revised as necessary to ensure the fulfillment of the Secretary's trust responsibility.
- C Legislation will be proposed to modernize and clarify ambiguous and outdated statutes governing trust programs, to enact new provisions where statutory guidance is essential, to harmonize inconsistent provisions, and to repeal outdated or unnecessary provisions.
- C Internal program guidance related to the management of trust programs within and among all affected Departmental bureaus and offices will be reviewed and revised as necessary.

The BIA is managing this sub project. Completed activities include:

#### **Adoption of Trust Principles**

The Department of the Interior has adopted 13 principles to guide the performance of trust responsibilities. The proper discharge of the Secretary's trust responsibilities requires that persons who manage Indian trust assets:

- C Protect and preserve Indian trust assets from loss, damage, unlawful alienation, waste and depletion;
- C Assure that any management of Indian trust assets that the Secretary has an obligation to undertake promotes the interest of the beneficial owner and supports, to the extent it is consistent with the Secretary's trust responsibility, the beneficial owners intended use of the assets;
- C Enforce the terms of all leases or other agreements that provide for the use of trust assets, and take appropriate steps to remedy trespass on trust or restricted lands;
- C Promote Tribal control and self determination over Tribal trust lands and resources;
- C Select and oversee persons who manage Indian trust assets;
- C Confirm that Tribes that manage Indian trust assets pursuant to contracts and compacts authorized by the *Indian Self-Determination and Education Assistance Act*, 25 U.S.C. 450 *et seq.*, protect and prudently manage Indian trust assets;

- C Provide oversight and review of the performance of the Secretary's trust responsibility, including Indian trust asset and investment management programs, operational systems, and information systems;
- C Account for and timely identify, collect, deposit, invest, and distribute income due or held on behalf of beneficial owners;
- C Maintain a verifiable system of records that is capable, at a minimum, of identifying: (a) the location, the beneficial owners, any legal encumbrances (i.e., leases, permits, etc.), the user of the resource, the rents and monies paid, if any, and the value of trust or restricted lands and resources; (b) dates of collections, deposits, transfers, disbursements, third party obligations (i.e., court ordered child support, judgements, etc.), amount of earnings, investment instruments and closing of all trust accounts; (c) documents pertaining to actions taken to prevent or compensate for any diminishment of the Indian trust assets; and (d) documents that evidence the Department's actions regarding the management and disposition of Indian trust assets;
- C Establish and maintain a system of records that permits beneficial owners to obtain information regarding their Indian trust assets in a timely manner and protect the privacy of such information in accordance with applicable statutes;
- C Invest Tribal and individual Indian trust funds to make the trust account reasonably productive for the beneficial owner consistent with market conditions existing at the time the investment is made;
- C Communicate with beneficial owners regarding the management and administration of trust assets; and,
- C Protect treaty-based fishing, hunting, gathering, and similar rights of access and resource use on traditional Tribal lands.

### **Tier 1 Regulatory Initiative - BIA**

In November 1999, BIA program Directors and Regional Directors identified four priority areas of trust resource management for regulatory revision:

- C Leasing and Permitting
- C Grazing
- C Probate
- C Tribal and Individual Funds Held in Trust

BIA published the proposed regulations on July 14, 2000, with a 90-day public comment period. During the comment period, BIA held eight formal consultation sessions, accepted comments, and established a joint working group with the National Congress of American Indians. The final regulations were published on January 22, 2001, and became effective on March 23, 2001.

### **Analysis of Trust Functions - Department wide**

Seven of the ten Interior bureaus or offices that perform trust functions submitted a written analysis of their compliance with the trust principles and identified policies or procedures that need to be revised. The following subjects were covered in the reviews:

- C Valuation of trust resources
- C Conservation of trust resources
- C Appeals process
- C Consultation with Tribes regarding use and disposition of trust resources
- C Communication with individual Indian owners of trust resources
- C Prevention of waste, alienation, and trespass
- C Treatment of FOIA requests pertaining to trust resources
- C Identification of new trust resources
- C Protection of trust resources from depletion due to direct or indirect Federal action
- C Final agency disposition of trust assets

Approximately \$1.7 million is expected to be obligated for these activities in FY 2001.

### **Justification of Program Change:**

In FY 2002, \$1 million is required to continue trust policies and procedures activities. Planned activities for this project will continue for several years and activities continuing in FY 2002 include:

### **C Complete Tier I Regulations**

As a result of the public consultations and comments, certain provisions in the proposed Part 115 regulations were eliminated from the final regulations for further revisions. BIA plans to revise the provisions for additional consultation with Tribes and Indian trust account holders. Additionally, because of statutory revisions in late 2000, the provisions of Part 162 addressing non-agricultural leases must be significantly revised. The changes are:

- **Part 115, Subpart B IIM Accounts:** BIA will clarify the procedures used to determine whether the BIA will supervise a trust account of an adult. In response to public comments, BIA will also re-propose that portion of the regulations detailing how and when BIA will encumber an IIM account to pay third-party debts.
- **Part 162, Subpart C Residential Leases and Subpart D Business Leases:** Based on public comments, BIA agreed that it would be preferable to provide separate subparts to govern residential leases and business leases. In November 2000, the President signed into law the *Indian Land Consolidation Act Amendments of 2000* (Act). Section 219 of the Act establishes

new standards to improve opportunities for leasing of non-agricultural Indian lands by reducing the number of Indian owners whose consent is required for approval of leases, rights-of-way, and sales of natural resources. These new statutory provisions will be included in subparts C and D.

### **C Identify Tier 2 Priorities**

In January 2001, BIA asked all Indian Tribes, Regional and field employees to submit their priorities for updating policies and procedures. In addition, the Policies and Procedures staff analyzed current regulations to determine conformance with the Trust Principles. The Trust Management Council is scheduled to act on the BIA recommendations in June 2001. Following the Council's decision, BIA will begin work on the Tier 2 regulatory revisions. These updates will extend through 2004.

### **C Complete Functional Analysis and Identify Cross-Cutting Issues**

The BIA, with support from the Department's Office of Policy Analysis, will analyze the trust management issues identified by all DOI offices and bureaus with trust management responsibilities, identify those that are common to more than one office or bureau, and propose actions to standardize trust management practices across the Department.

### **C Issue OHA Probate Regulations**

The Office of Hearings and Appeals will propose regulations that complement the BIA regulations that were published in January 2001.

## **TRAINING**

### Overview:

Inadequate training of DOI staff with trust fiduciary responsibilities has been cited in Office of the Inspector General (OIG) and General Accounting Office (GAO) reports. In addition, the installation of new trust accounting and asset management systems requires a coordinated and specialized training effort.

The *American Indian Trust Fund Management Reform Act* stipulates that the Special Trustee plan for all phases of the trust management business cycle to ensure proper and efficient discharge of the Secretary's trust responsibilities to Indian Tribes and individual Indians. Accordingly, this subproject plans for delivery of both trust management and employee skills (non-systems) training relevant to the proper performance of the Federal government's trust

responsibilities to American Indians. The objective is to increase DOI and Tribal trust personnel job performance and inter-organizational effectiveness by providing quality, systems and non-systems training to all trust asset management employees.

The training will provide trust system personnel with the necessary skills to support the fulfillment of the Secretary's trust fiduciary responsibilities, enhance their job performance and improve the efficiency and delivery of services to account holders and Indian land owners. Targeted TFAS and TAAMS training is provided to system users, and funded as part of those projects. Non-systems training are required for the OST, BIA, OHA, MMS and BLM staff and compacting and contracting Tribal trust asset management personnel. Training on appraisals, probate, customer service, the trust responsibilities and the trust management process, as well as other subject matter necessary for those involved in the trust management functions to properly and more efficiently perform their functions. This project provides both the training and associated travel costs for those attending non-systems training, as needed.

OST's current training contractor is providing general trust and skills training to the larger training audience, while the systems operation training is provided to systems users by the contractors managing and installing the TFAS and TAAMS systems. Key training activities in FY 2001 include:

Systems Training:

- TAAMS system training will be delivered to land title and records staff in four BIA regions where the title portion of TAAMS is the system-of-record.
- TFAS training continues to be offered to system users.

Non-Systems Training:

- The Departmental and Tribal training audience, estimated to be approximately 3,000 employees, was identified.
- The curriculum for the first classroom course to be offered, Trust Foundations I, was developed. This is the first part of a two-part course that exposes students to the many job functions and responsibilities involved in responsible trust asset management, and to the interrelationships between the Departmental bureaus, offices and Tribal personnel who perform these functions.
- Development of the second part of the Trust Foundations course continues. This course will trace the entire trust asset management process using student role-plays of scenarios adapted from real incidents as training tools. Difficulties encountered in the process of working through the challenges in the scenarios will be identified, and solutions to the problems encountered will be developed and discussed.
- In January 2001, Trust Foundations I rolled-out to students in locations across the country. This course is offered on an ongoing basis at several locations nationwide.

- A Quality Control plan was developed to measure and record the long-term effectiveness of the training program on employee job performance. The results of this plan will be incorporated into the training curriculum as appropriate.
- General, on-line computer application courses are available for trust asset management personnel through the Department of the Interior University.
- Specific training on the probate process and regulations was conducted for probate personnel, including probate specialists, BIA Attorney Decision Makers and OHA Administrative Law Judges.
- Training for the BIA appraisal staff, in accordance with ongoing certification requirements, continued.

Approximately \$4.4 million is expected to be obligated for these activities in FY 2001

Justification of Program Change:

\$6.5 million is required for the training program in FY 2002. This level of funding reflects the priority and commitment OST has placed on the initiation and provision of a quality non-systems training program to approximately 3,000 Departmental and Tribal trust asset management personnel. The increase in funding primarily will support the initiation of this multi-year, multi-office, multi-course effort developed consistent with HLIP. As this program is still in early development and implementation stages, estimates of the number of people to be trained each year have not been developed as costs will vary based on the geographic location of the attendees. In addition, it is not anticipated that all 3,000 positions identified for training will receive training in the first year or two. As additional courses are developed, more data on travel costs projections and estimates of the people trained can be developed.

Contractor staff to provide the development, administration and full implementation of the non-system training effort has been secured, and classroom courses are underway nationwide. These courses are scheduled in areas convenient to trust personnel to facilitate attendance. The Trust Foundations I and Trust Foundations II courses are classroom courses that can accommodate up to 25 students per class. The classroom was chosen as the preferred forum for this course because it includes modules on effective communication and team building, experienced through interactive role-plays. Providing a common venue for employees from different offices, bureaus and Tribes to interact develop interpersonal skills, and work together toward the improvement of a common goal will enhance the collective efforts of the diverse trust management personnel. Furthermore, developing relationships between and among the trust asset management community can serve to improve their overall commitment to the United States trust

responsibility. This program also funds the related travel and transportation costs for participants in the classroom training sessions.

## **INTERNAL CONTROLS**

### Overview:

Reviews conducted over the past 15 years by the GAO, the DOI's Inspector General, and independent accounting firms have identified serious financial management and internal control problems permeating every aspect of the trust management spectrum. These findings and recommendations have focused on serious internal control problems and variances in program operations ranging from a lack of standardized policies, practices and procedures to the inability to confirm cash balances, and major inadequacies in accounting records and related systems, lack of segregation of duties and deficiencies in field operation and management areas including collections and disbursements of Indian trust funds.

## **RISK MANAGEMENT**

the Office of Trust Risk Management (OTRM) was created to develop and implement a risk management oversight program to continuously monitor the effectiveness of the internal and management control programs utilized to accomplish the Department's Indian trust asset management responsibilities. It will apply modern, commercial trust risk management techniques to review and monitor the Department's accomplishments relating to Indian trust asset policies, procedures, systems development and operations. It will annually provide a consolidated Risk Management Assessment Report on Indian trust asset management accomplishments to the Department and other entities. Other activities include:

- **Inventory and Catalogue Internal Controls in TFAS, TAAMS, and MMS Systems:** The system design concepts for TAAMS and TFAS include appropriate features for internal systems controls and should work effectively when implementation is complete. To fashion a complete and comprehensive risk management review program, an in-depth knowledge and understanding of the resident internal controls designed into these systems will be compiled and documented by the Risk Management Review Staff working directly with contractors.
- **Publish Final Risk Management Program Handbook:** Annual reviews of every location/activity involved in trust fund management operations will be conducted. Many of the reviews will need to be performed by field office program staff and others on special assignments. To ensure consistency in approach, coverage, and reporting, a handbook for use by all organizations and staff assigned to conduct risk reviews will be published.

Approximately \$3.4 million is expected to be obligated for these activities related to Risk Management in FY 2001.

### **TRUST IMPROVEMENT COORDINATION**

In addition, the Internal Controls subproject funds the activities related to Trust Improvement Coordination, which includes a limited staff and contract assistance for financial, budget and project management, implementation, oversight and advisory services for the various projects being implemented under the HLIP. Various outside advisors, technical staff, and contractors are needed for quality control activities, assistance in evaluating contract proposals, assistance in development of systems requirements, and oversight of various contracted operations. Approximately \$1.7 million is expected to be obligated these activities in FY 2001.

#### Justification of Program Change:

##### **Risk Management**

A total of \$4 million is required for Risk Management activities in FY 2002 to provide for the full level of staff, contracts and technical assistance to implement and oversee an internal controls program, meeting Departmental and trust/finance requirements. This risk management program will include all Departmental organizations involved in DOI trust functions, including OST, BIA, MMS and BLM.

During the initial phases of implementation, corrective actions must be verified and procedures developed and implemented to prevent recurrence of deficiencies. In later phases, an overall Risk Management Program will be developed to ensure; (1) continued monitoring of specific internal control practices and; (2) programs and practices are installed to verify the revenue from the vast trust resources managed by the Department is reasonable. Item 2 requires the development of audit and compliance process to validate the reasonableness of the value of the resources sold. Presently, the Department regularly audits only subsurface mineral revenues. The Inspector General has done periodic evaluations of the management of other resources in the past. The latter disclosed the need for a more systematic evaluation process for surface resource revenues and leasing and sales. New programs and capabilities in the private sector will be analyzed to determine how these entities, for example, ensure they are receiving reasonable value for such resources as timber and agricultural activities.

Based on the action plans submitted by program managers to address the internal control weaknesses identified, the OST will oversee implementation and provide continuing quality assurance to prevent relapses. Adjustments to the plan will be made as needed through this process. In order to ensure compliance with internal control remedial measures and the quality assurance program, continuous monitoring and renewal of relevant policies and procedures will be required.



Successful accomplishment of the goals of this sub-project, many of which involve monitoring and evaluating the sufficiency of resolution of internal control weaknesses in most other sub-projects, coupled with the implementation of a system and process for monitoring future trust management activities will constitute the needed quality assurance processes and programs necessary for the Department to self assess its Indian trust management activities. The OST will oversee implementation steps for remedial actions and, through the establishment and operation of a formal risk management assessment program, provide a continuing quality assurance presence to prevent relapses.

### **Trust Improvement Coordination**

\$950,000 in FY 2002 appropriation is requested for activities related to Trust Improvement Coordination. With an estimated \$1 million in unobligated balances a total of \$2 million will be available to provide for continuing activities associated with this project. This level of resources is needed to continue activities planned in FY 2002 for oversight and advisory services for the various projects being implemented under the HLIP. OST plans on utilizing various technical staff and outside advisors, contractors for a variety of quality control activities, assistance in evaluating contract proposals, reviews of systems requirements, and oversight of various contracted operations.

### **BREACHES**

In the matter of *Cobell v. Norton* (formerly *Cobell v. Babbitt*), the United States District Court for the District of Columbia on December 21, 1999, ordered the Department of the Interior to submit quarterly reports on actions taken to correct problems identified by the Court that relate to the Federal government's statutory trust responsibility to individual Indians. The Department submitted plans to the Court in February 2000 to address the Court-identified breaches of statutory trust duties under the *American Indian Trust Fund Management Reform Act of 1994*. Although the Appeals Court agreed that all the matters identified by the District Court were not breaches of the Reform Act, the Appeals Court left in place the government's obligation to address and report on those matters.

Three of the breaches activities are reported in this section. One project, Retention of IIM-Related Trust Documents is included and reported as part of the Records Management subproject.

## COLLECTION OF MISSING INFORMATION FROM OUTSIDE SOURCES

### Objective:

This effort is designed to: 1) describe the nature and extent of IIM trust accounts since passage of the *American Indian Trust Fund Management Reform Act of 1994*; 2) present a logical approach to assess the state of documentation, information and data available and necessary for the Department of the Interior to meet its obligations under the Act; 3) identify approaches and options for gathering missing documents, information and data from third parties to supplement the Department of the Interior's present files; and, 4) commence the planning, decision process and programming of personnel and budget resources that will be necessary for the successful gathering and organization of documents, information and data from third parties.

Activities in FY 2001 include research to expand collection of missing information, documents and data from third parties. OST, through a contractor, has completed the development of procedures for recovering missing documents that identify the types of records relevant to an accounting, search strategies, locations and identification of potential third-party sources. These procedures will be implemented in an effort to expand the current OST collection of identified missing documentation. Only missing source or type information related to an accounting of IIM financial transactions will be searched. These procedures will be applied and tested as selected IIM transactional data is reviewed and analyzed and missing information is identified.

An expanded effort to collect missing information and documentation is anticipated as the IIM electronic historical database and pilot project are developed. Detailed analysis of the transactional historical data in the development of the database and during the pilot may assist in determining whether documentation is missing. As missing documentation groups or types are identified, the procedures developed will be tested and utilized to conduct document searches. Searches will be expanded where necessary to sources such as the Department of Treasury, BLM, MMS, General Accounting Office, lessees, account holders and other electronic databases (i.e. MMS) in accordance with the procedures.

### Summary of Ongoing Activities:

The project continues to assess and test the feasibility of an electronic historical database for IIM accounts, as the data is recovered and merged. The recovered data will be analyzed and assessed for availability, content and compatibility with data from other systems. Contractors have begun the first phase of gathering data from various legacy systems beginning with a prototype based on two BIA locations. The data from the prototype is currently being analyzed. The feasibility of merging the electronic data for the remaining BIA area legacy systems with the IIM transaction history will be ongoing as information and results become available.

A pilot project that will utilize data available in the IIM historical transaction database (from October 25, 1994 forward) and other electronic data available for selected IIM transactions and/or accounts is planned for next quarter. The processes, procedures and Selected Methodology will be utilized and tested. Data from the pilot will be used to test and refine document retrieval procedures.

## COMPUTER AND BUSINESS SYSTEMS ARCHITECTURE FRAMEWORK PLAN

### Objective:

The objective is to provide the blueprint for defining and mapping business processes within the trust management activity from existing procedures and systems to the new operating environment.

**Data Architecture.** This task was established within the planning framework to identify and define the major kinds of data that support Indian trust management business functions and activities. The data architecture task comprises the first of the three major architectures that are planned in the project and provides the initial project blueprint, to be followed by an application architecture and technical architecture.

**Business Model.** This task captured and defined the Indian trust community's business activities. It has been updated based on the additional information learned in establishing the data architecture. In completing this task, the working group formally established 51 data objects that capture the various types of information that are actually required to perform basic business activities in the Indian trust management arena. In that vein, data architecture groupings were established to capture the information flow as it relates to accomplishing vital business functions. For example, the financial document grouping was established to record any type of activity relating to financial accounts. In establishing the data architecture, the working group has also defined characteristics of these data objects and identified their various interrelationships within the normal business of Indian trust management. Based on this work, the data that supports the business functions and the necessary flow of information has now been incorporated into the data architecture.

The data architecture will provide an understanding of data in the context of the business activities from a holistic perspective, thereby establishing a foundation for developing further applications to manage data for the entire community as well as future databases. Additionally, it will ensure that data redundancy and inconsistency can be minimized. The two additional architectures will be developed on the data architecture foundation.

**Applications Architecture.** The applications architecture constitutes the second of three architectures planned in this subproject

The working group has identified 22 applications within this task that describe the automated capabilities needed to conduct Indian trust management business (focusing on managing data through such mechanics as entering, editing, sorting, changing, summarizing, archiving, analyzing, and referencing data). Rather than specifying technology elements or design details, this task provides a high-level description of each of the automated capabilities or applications in terms of what they do to support the trust management business.

This blueprint of the automated capabilities or applications maps all of the resources needed to support the business and shared environment. It provides documentation and descriptions of the architecture and is a reference tool to assure that the various components of the project's overall enterprise architecture planning methodology are properly integrated.

**Summary of Ongoing Activities:**

The Architecture Workgroup meets on an ongoing basis to plan, develop, and review each of the project deliverables. This is critical as the enterprise architecture planning approach used in this project is based on a building block process recognizing that each phase impacts others, and that subsequent phases may include data gathering efforts that will improve the quality of earlier products.

Recommendations from the study are to be presented to DOI management in early summer 2001. At that time, the Department will review and determine the extent of the requirements needed to continue these activities in FY 2002. It is anticipated that at a minimum, some continuing efforts will be needed to keep these plans current and updated

## **WORKFORCE PLANNING**

Objective:

The objectives of this plan are: 1) to ensure adequate staffing requirements and associated funding are reflected in the budget development process to meet the full personnel needs of trust management business functions consistent with statutory requirements; and 2) to ensure workforce planning is done in a timely fashion and that there is consistency, where appropriate, among the organizations.

**Forecast Future:** examine organizational objectives and identify workforce competencies needed to achieve them. Upon analysis of accumulated workforce data at the conclusion of the previous quarter, it was determined that a more in-depth survey of the BIA and the BLM workforces and workloads was necessary to forecast future workforce competency and skill requirements. To more accurately predict the workload, program managers also added a requirement to similarly survey Tribal compact and contract employees. In addition, OTFM

asked to be included in the contract to evaluate the collection and funds management functions under the TFAS. All of these surveys and assessments must be accomplished with contractor assistance and the involvement of trust management program managers and employees. The surveys will assess workforce roles and workloads as related to the computer and business systems architecture business model.

Trust management program managers developed a statement of work (SOW) that would fulfill their workforce planning requirements. The contracting process was completed in December 2000, and the contractor, Booz-Allen and Hamilton, Inc., began its work in early January 2001. The contract performance period will end on April 21, 2001. BIA, BLM, and OTFM trust management program managers will then use the data provided in developing their FY 2003 and FY 2004 workforce plans as called for in future milestones.

Summary of Ongoing Activities:

In this second phase of workforce planning, the focus is on clear identification of trust management work activities and the staffing requirements of the BIA, BLM and OTFM to successfully perform Indian trust management work. At the conclusion of this phase, trust managers will be provided data needed to forecast future workforce requirements in relation to organization objectives, identify skill shortages and surpluses, and develop plans to ensure required skills are hired and/or developed.

Each of these projects are in various stages, and while specific requirements for funding each of these tasks in FY 2002 has not been determined, it is essential that sufficient resources be available to continue and complete these efforts once the data is available for management to determine how to proceed in FY 2002. Some realignment of the resources may be required as these projects complete planned activities in FY 2001 and specific requirements are determined for future activities in each program.

Breaches activities estimated amounts obligated and requirements for FY 2001 and FY 2002 are as follows:

(Dollars in thousands)

Project	Est. Amount Obligated in FY 2001	Est. Unobligated Balance Available FY 2002	FY 2002 Amounts Requested	Est. Total Available FY 2002
Collection of Information	1,000	1,000	1,000	2,000
Systems Architecture	1,000	500	500	1,000
Workforce Planning	700	1,500	200	1,700
Total Breaches	2,700	3,000	1,700	4,700

## STATISTICAL SAMPLING

### Overview:

As part of the Department's overall trust reform efforts, the Department must undertake an effort to evaluate the reliability of past IIM account activity. Part of this work is already underway for the period after the enactment of the *American Indian Trust Fund Management Reform Act of 1994*. However, the Department, the Court, the Congress, and IIM beneficiaries believe that we must examine past account activity to discover information that will enable beneficiaries and the Department to evaluate whether income from individual trust assets was properly credited, maintained, and distributed to and from IIM accounts before October 25, 1994. As part of this process, the Department is exploring approaches to gather such information so as to fairly compensate beneficiaries where warranted and finally resolve any discrepancies.

The Secretary has directed the Special Trustee to plan, organize, direct, and carryout an effort to use statistical sampling instead of attempting a transaction-by-transaction historical reconciliation. The objective of the Statistical Project (Project) will be to determine, to the best of our ability with the records and resources available, the degree of accuracy, which may be attributed to IIM accounts for the period of 1952 through 1993, unless otherwise requested by the Court. Such information should provide support for the accuracy of the starting balances for the current reconciliation of the period 1994 to date

The basic methodology being developed for the Project is a sampling technique. Sampling appears to be a practical and effective approach given the massive amount of complex records and their condition.

As part of the process, OST will work with statistical sampling experts to develop a sampling protocol and consider whether an initial study of a limited scope in time and/or methodology (a Apilot®) may provide sufficient information to determine the efficacy of the sampling project otherwise contemplated herein. If initial results are promising, it is anticipated that one or more outside contractor(s) will be chosen to assist the Department with establishing the parameters of the Project, assessing feasibility, and performing the sampling. These contractors will be chosen through the normal Federal acquisition process.

The time period chosen for review, 1952-1993, was selected given that annual GAO settlement of accounts prevailed through 1951 and that the OST has already commenced, pursuant to the 1994 Act, a review of the period 1994 to date.

The time required to complete the Project is unknown. The project may proceed in three phases. First, development of the sampling plan, based on assessments of available records. The second phase would be the pilot test to perform limited sampling and determine what if any promises, this approach may have. If sampling appears to be a viable method, the third phase would involve an intensive broader sampling effort.

The cost to complete the Project is also unknown. A very rough cost estimate, based primarily on experience with the plaintiffs' records in the *Cobell* case, was derived using some initial, preliminary assumptions as a starting point:

- \$ Assume a sampling of 350 accounts. This number might be understated given the difference in records systems from year to year and agency to agency, as well as the availability of records and ease of accessing them.
- \$ Assume a cost ranging from \$50,000 per account (those more recently opened) to \$200,000 per account (the approximate cost of the *Cobell* account analyses).
- \$ Under these assumptions, the cost, excluding any DOI staff, and related contract development and management expenses, ranges from \$17,500,000 to \$70,000,000.

These are rough approximations based on limited (although intensive) experience with records production, and we will have a better idea as we move through phase II.

It is also important to understand that completion of the Project will require the allocation of adequate funds to complete the Project timely and fully within the range of all reasonable contingencies. To the extent the funds are not in place, the Project may not be able to be pursued to completion.

The Special Trustee is responsible for the oversight and supervision for the Project, subject to the direction of the Secretary, separate from the other organizational and legal responsibilities as the Special Trustee.

The Project will require the cooperation and support of the BIA, MMS, BLM, Office of the Solicitor, and the Department.

Staffing for the Project will come from a new project management and technical expertise, given the workload already placed on the existing OST staff. Current senior OST and Office of Trust Funds Management staff in Albuquerque may be used in an advisory role.

OST hired a senior project manager for this project on April 6, 2001. His initial tasks include development of a draft plan and schedule. Once the plan is drafted it will be presented to the Congress as required in the Conference Report accompanying the Department's FY 2001 Appropriation Act.

\$10 million was appropriated in FY 2001 to initiate this project. Approximately \$ 1 million is expected to be obligated towards this effort in FY 2001.

Justification of Program Change:

\$7.5 million in FY 2002 appropriations is requested for activities associated with the Statistical Sampling Project. With an estimated \$9 million in unobligated balances, a total of \$16.5 million will be available in FY 2002 to address the estimated costs of staffing, contract support, contract management and oversight and contracting costs. The completion time frame of this project and total estimated costs has not yet been determined.



**Employee Count by Grade  
(Total Employment)**

<b>Grade</b>	<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Estimate</b>
Executive Level II	1	1	1
<b>Subtotal</b>	<b>1</b>	<b>1</b>	<b>1</b>
ES-6	1	1	1
ES-5	2	2	2
ES-4	2	2	2
ES-3	0	1	1
ES-2	0	0	0
ES-1	0	0	0
<b>Subtotal</b>	<b>5</b>	<b>6</b>	<b>6</b>
GS/GM-15	17	19	19
GS/GM-14	25	30	35
GS/GM-13	39	49	53
GS/GM-12	26	30	31
GS/GM-11	13	20	25
GS/GM-9	22	37	43
GS/GM-8	4	2	2
GS/GM-7	52	62	67
GS/GM-6	44	44	39
GS/GM-5	76	61	56
GS/GM-4	49	34	29
GS/GM-3	3	3	3
<b>Subtotal</b>	<b>370</b>	<b>391</b>	<b>402</b>
Ungraded	3	3	3
Total Employment (actual/projected) at end of fiscal year	<b>379</b>	<b>401</b>	<b>412</b>

Total actual employment in FY 2000 agrees with Line 1 of SF 113A report for September 30, 2000.

**Summary of Budget Authority by Object Class**  
(Dollars in thousands)

<b>Object Class</b>	<b>2001 Estimate</b>	<b>Uncontrollable &amp; Related Changes</b>	<b>Program Changes</b>	<b>2002 Request</b>
Full Time Permanent	24,311	+423	+1,568	26,302
Other Full Time Permanent	2,250	0	0	2,250
Other Personnel Compensation	543	0	0	543
<b>Total Personnel Compensation</b>	27,104	+423	+1,568	29,095
Civilian Personnel Benefits	6,477	-149	+342	6,670
<b>Total Personnel Benefits</b>	6,477	-149	+342	6,670
Travel & Transportation of Persons	1,932	0	+1,625	3,557
Transportation of Things	103	0	0	103
Communications, Utilities, Misc.	3,069	+64	+730	,3863
Printing & Reproduction	521	0	0	521
Other Services	68,693	+256	-1,5760	53,189
Supplies and Materials	541	0	+15	556
<b>Total Contractual Services and Supplies</b>	74,859	+319	-13,390	61,789
Equipment	1,295	0	+25	1,320
Grants, subsidies & other contrib.	250	0	+100	350
<b>Total Budget Authority</b>	109,985	+594	-11,355	99,224

**Office of the Special Trustee for American Indians**  
(Dollars in millions)

		2000 Actual	2001 Estimate	2002 Estimate
	Obligations by program activity			
1	Executive direction	2	2	2
2	Program operations, support, and improvements	67	113	133
1000	Total new obligations	69	115	135
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	21	41	36
2200	New budget authority (gross)	90	110	99
2210	Resources available from recoveries of prior year obligations	2	0	0
2221	Unobligated balance transferred to other accounts (14-2100)	-1	0	0
2221	Unobligated balance transferred to other accounts (14-1917)	-1	0	0
2390	Total budgetary resources available for obligation	111	151	135
2395	New obligations	-69	-115	-135
2440	Unobligated balance available, end of year	41	36	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	90	110	99
7240	Unpaid Obligations, start of year	27	29	17
7299	Obligated balance, start of year	27	29	17
7310	Total new obligations	69	115	135
7320	Total outlays (gross)	-66	-126	-116
7345	Adjustments in unexpired accounts	-2	0	0
7440	Unpaid Obligations, end of year	29	17	36
7499	Obligated balance, end of year	29	17	36
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	37	77	69
8693	Outlays from discretionary balances	29	49	47
8700	Total outlays (gross)	66	126	116
	Net budget authority and outlays			
8900	Budget authority	90	110	99
9000	Outlays	66	126	116

**Office of the Special Trustee for American Indians**

(Dollars in millions)

	14-0120-0-1-306	<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Estimate</b>
	<b>Object Classification</b>			
	Personnel compensation			
1111	Full time permanent	14	18	21
1113	Other than full time permanent	1	2	1
1115	Other personnel compensation	1	1	1
1119	Total personnel compensation	16	21	23
1121	Civilian personnel benefits	4	5	5
1210	Travel and transportation of persons	1	1	3
1231	Rental Payments to GSA	2	2	2
1233	Communications, utilities	1	1	1
1251	Advisory and assistance services	3	2	0
1252	Other services	18	31	55
1253	Purchases of goods and services from government accts	3	2	3
1310	Equipment	1	1	1
1990	Subtotal, Direct obligations	49	66	93
3111	Full-time permanent	2	5	6
3113	Other than full-time permanent	0	1	1
3119	Total personnel compensation	2	6	7
3121	Civilian personnel benefits	0	2	2
3210	Travel and transportation of persons	1	1	1
3233	Communications, utilities, and miscellaneous charges	0	1	1
3252	Other services	16	39	29
3310	Equipment	1	0	0
3990	Subtotal, Allocation account	20	49	40
9995	Below reporting threshold	0	0	2
9999	Total obligations	69	115	135

<b>Personnel Summary</b>	<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Estimate</b>
Direct			
Full time equivalent employment	357	401	412

**Appropriation Language Sheet**

***Office of the Special Trustee for American Indians***

**General and special funds**

**INDIAN LAND CONSOLIDATION**

For [implementation of a program for] consolidation of fractional interests in Indian lands and expenses associated with redetermining and redistributing escheated interests in allotted lands, and for necessary expenses to carry out the Indian Land Consolidation Act of 1983, as amended, by direct expenditure or cooperative agreement, [~~\$9,000,000~~] \$10,980,000, to remain available until expended and which may be transferred to the Bureau of Indian Affairs and Departmental Management [, of which not to exceed \$1,000,000 shall be available for administrative expenses: *Provided*, That the Secretary may enter into cooperative agreement, which shall not be subject to Public Law 93-638, as amended, with a tribe having jurisdiction over the reservation to implement the program to acquire fractional interests on behalf of such tribe: *Provided further*, That the Secretary may develop a reservation-wide system for establishing the fair market value of various types of lands and improvements to govern the amounts offered for acquisition of fractional interests: *Provided further*, That acquisitions shall be limited to one or more reservations as determined by the Secretary: *Provided further*, That funds shall be available for acquisition of fractional interests in trust or restricted lands with consent of its owners and at fair market value, and the Secretary shall hold in trust for such tribe all interests acquired pursuant to this program: *Provided further*, That all proceeds from any lease, resource sale contract, right-of-way or other transaction derived from the fractional interests shall be credited to this appropriation, remain available until expended, until the purchase price paid by the Secretary under this appropriation has been recovered from such proceeds: *Provided further*, That once the purchase price has been recovered, all subsequent proceeds shall managed by the Secretary for the benefit of the applicable tribe or paid directly to the tribe]. (*Department of the Interior and Related Agencies Appropriations Act, 2001.*)

**Justification of Proposed Language Changes**  
Indian Land Consolidation

- (1) Deletion “,of which not to exceed \$1,000,000 shall be available for administrative expenses”

This language removes the limitation on administrative expenses to provide adequate support for the additional activities proposed to be funded in 2002 (i.e. redistributing escheated interests, estate planning) as authorized under 25 U.S.C. 2206, and 25 U.S.C. 2201.

- (2) Addition: “, and for necessary expenses to carry out the Indian Land Consolidation Act of 1983, as amended”

The Indian Land Consolidation Amendments Act of 2000, (P.L. 106-462) which amended 25 U.S.C. 2206, provides authority to consolidate fractional interests in Indian lands, redistribute “*Youpee*” interest, revise leasing procedures, implement revised probate processes and other requirements that will be carried out with the FY 2002 budget request.

- (3) Deletion: “*Provided*, That the Secretary may enter into cooperative agreement, which shall not be subject to Public Law 93-638, as amended, with a tribe having jurisdiction over the reservation to implement the program to acquire fractional interests on behalf of such tribe: *Provided further*, That the Secretary may develop a reservation-wide system for establishing the fair market value of various types of lands and improvements to govern the amounts offered for acquisition of fractional interests: *Provided further*, That acquisitions shall be limited to one or more reservations as determined by the Secretary: *Provided further*, That funds shall be available for acquisition of fractional interests in trust or restricted lands with consent of its owners and at fair market value, and the Secretary shall hold in trust for such tribe all interests acquired pursuant to this program: *Provided further*, That all proceeds from any lease, resource sale contract, right-of-way or other transaction derived from the fractional interests shall be credited to this appropriation, remain available until expended, until the purchase price paid by the Secretary under this appropriation has been recovered from such proceeds: *Provided further*, That once the purchase price has been recovered, all subsequent proceeds shall managed by the Secretary for the benefit of the applicable tribe or paid directly to the tribe”

This language has been superceded by the Indian Land Consolidation Amendments of 2000 (25 U.S.C. 2201)

### Appropriation Language Citation

#### Appropriation: Indian Land Consolidation

(1.) Addition. For consolidation of fractional interests in Indian lands and expenses associated with redetermining and redistributing escheated interests in allotted lands and for necessary expenses to carry out the Indian Land Consolidation Act of 1983, as amended, by direct expenditure or cooperative agreement.

25 U.S.C 465 provides authority for the Secretary to acquire, through purchase, relinquishment, gift, exchange, or assignment, any interest in lands, water rights, or surface rights to lands...there is authorized to be appropriated...a sum not to exceed \$2,000,000 in any one fiscal year.

25 U.S.C 2201 authorizes annual appropriations not to exceed \$8,000,000 to carry out the provisions of this title (and the amendments made by this title) that are not otherwise funded under the authority provided for in any other provision of Federal law. Provides for reform of probate and establish uniform rules for the descent and distribution of interests in allotted lands, provides for the consolidation of fractional interests, as well as preventing lands from being taken out of trust when inherited by non-Indians, provides for the minimum percentage of owners of fractional interests that must consent to leasing agreements, and extends the Secretary of the Interior's authority to acquire fractional interests of 2 percent or less, for Tribal consolidation through the pilot project started by the Bureau of Indian Affairs in 1999.

**Account:**        Indian Land Consolidation

(Dollars in thousands)

<b>Activity</b>	<b>2001 Estimate</b>	<b>Uncontrollable &amp; Related Changes (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2002 Budget Request</b>	<b>Changes From 2001 (+/-)</b>
Indian Land Consolidation	8,980	0	+2,000	10,980	+2,000

**Activity/Sub-activity Narrative:**

The land consolidation program acquires and consolidates fractionated interests of trust and restricted lands. The focus of the program is the acquisition of fractional interests that are two percent or less. As ownership of Indian land descends from one generation to another, fractionation of ownership continues to worsen. Due to the highly fractionated ownership, the Department's ability to administer the transactions generated from the resources located on the lands, maintaining current and up-to-date ownership, maintenance of records and the timely distribution of income is becoming increasingly more burdensome. Fractionated interests also reduce the economic value of the lands for the Indian owners due to the inefficiencies caused by multiple ownership. Approximately 80 percent of the BIA's real estate services budget are spent on administering 20 percent of the trust and restricted lands. This program is the result of BIA's successful pilot effort that began in 1999. Funding for this program was transferred to the OST in 2000, and BIA continues to manage this effort.

**Pilot Program**

In 1994, the Assistant Secretary - Indian Affairs consulted with Indian Tribes and individual Indian landowners concerning the problems of fractionated ownership and the need for legislation to address the problems caused by fractionation. Between 1994 and 1995, numerous on-reservation meetings with Indian landowners were conducted in which more than 10,000 individuals attended. Letters containing questionnaires were also sent to approximately 500 Tribal leaders and 100,000 individuals. More than 16,000 written responses were received. Sixty-five percent of the questionnaire respondents agreed that a legislative proposal was needed to address the fractionation problem.

In FY 1999 the BIA established a pilot program to implement a land acquisition program to acquire and consolidate fractionated interests of 2 percent or less. Three reservations (Bad River, LaCourte Oreilles and Lac du Flambeau) under the Midwest Region were selected for the pilot.

Through the end of 1999, the pilot consolidated highly fractionated interests in allotted Indian lands, improving overall economic productivity of the lands and reducing the cost of administering these lands by acquiring nearly 16,000 undivided interests at a cost of \$4.0



million. Nearly 90 percent of these interests represented a less than two-percent interest in a tract of land. This pilot program continued into 2000, and its success encouraged the Department to formalize the pilot into the Indian land consolidation program in 2001. As of March 2001, the land consolidation program had acquired 29,236 interests representing over 15,000 acres at a cost of \$6.6 million.

### **2001 Land Acquisition**

In FY 2001, the reservations of Fond du Lac and L'Anse will be added to the BIA Midwest Region program. The BIA expects to acquire approximately 15,000 fractional interests by the end of FY 2001 as a result of the additional two additional reservations. Funding will also be used for personnel and related expenses to assist in the operation of the land acquisition program and ensure efficient and effective management of the program.

### **Indian Land Consolidation Act Amendments**

As a result of the efforts of the Department to bring attention to this management issue, Congress recently enacted the Indian Land Consolidation Act Amendments of 2000 (P. L. 106-462, 114 Stat. 1991) which provides for: the adoption of Tribal probate codes; change in the definition of an Indian, which determines who is ineligible to inherit; imposes Federal limits on inheritance; prescribes more emphasis on estate planning; significantly modifies the Secretary's authority to approve trust to trust conveyances; and provides some relief to the onerous consent requirement imposed by the various statutes by adopting a sliding consent scale based on the number of owners. Section 219 of ILCA 2000 provides, with certain exceptions, that the Secretary of the Interior may approve transactions if the owners of not less than the applicable percentage, as set forth in the section, consent to the transaction. This program will also ensure the timely distribution of trust income to the owners by reducing the number of owners for whom funds need to be distributed. Section 207(f) of ILCA 2000 provides that the landowners be notified of the effects of the amendments to ILCA within 180 days of enactment (May 2001). The BIA provided notice to the landowners and certified publication of the notice in the Federal Register.

Additionally, in FY 2001, the BIA will complete the following:

- Develop and distribute an analysis of the ILCA amendments to BIA field offices.
- Develop ILCA amendment notices to landowners including: certifying satisfaction of notice requirement by publishing a notice in the Federal Register; printing; and distribution.
- Initiate nationwide meetings with Indian landowners.
- Develop Estate Planning materials.
- Initiate Estate Planning training.

- Provide ongoing technical assistance to Indian Tribes in development of Tribal inheritance codes.

The amended legislation is an important step toward eliminating the problem of fractionation and lessening the burden of the Federal government. The BIA anticipates that there may be some reduction in the cost of administering the various types of trust land and resource transactions as well as the costs of maintaining current ownership and title records. Based on Section 219 of ILCA 2000, the requirement that 100 percent of the ownership must consent to a transaction is no longer required. The removal of this impediment will enable the Secretary to make more timely decisions on transactions and, thus, result in a more timely economic return for the Indian owners. However, the Secretary will still be required to provide notice and consult with and provide the owners with an opportunity to consent to or decline a transaction. Additionally, the Secretary has the authority to approve transactions without 100 percent consent. However, these decisions represent a Federal action and are, therefore, appealable by the affected parties. On the whole, ILCA 2000 will not eliminate all fractionation or result in significant cost savings, but the remaining time constraints and administrative activities will likely be reduced and less burdensome.

### **2001 Youpee Activities**

In 1997, the Supreme Court in *Youpee v. Babbitt* held that the amended Section 207 of the 1984 Amendment to the Indian Land Consolidation Act was unconstitutional since it resulted in the taking of land without compensation. Therefore, the interests distributed to Indian Tribes under Section 207 must be re-distributed to the legal heirs and devisees. The BIA has identified approximately 13,000 estates comprising approximately 178,000 interests that must be re-distributed. The identified estates do not include subsequent deaths that will need to be probated. Subsequent deaths will include those persons who would have inherited had the escheat provision not prevented their inheritance. Consequently, the escheated interest will be re-distributed to their estate because they expired between 1984 and 1994.

As a result of the *Youpee* decision, BIA initiated Phase I of a pilot in FY 2000 to begin the process of examining the costs to comply with the Court's order. The Pawnee Reservation under the BIA's Southern Plains Regional Office was selected as the *Youpee* Pilot site. The pilot was completed in September 2000 and a report on the findings from the pilot will be finalized and published in FY 2001. In FY 2001, Phase II of the *Youpee* pilot is designed for OTFM to study its financial costs to determine and distribute amounts due and payable, including interest, to the heirs or devisees of the escheated interests. Based on these pilot activities, the BIA will develop a plan to be implemented in stages to address these *Youpee* cases.

Justification of Program Change:

		<b>2002 Budget Request</b>	<b>Program Changes (+/-)</b>
Land Consolidation Program	\$(000) <i>FTE</i>	10,980	+2,000

Nearly \$11.0 million is requested in FY 2002, an increase of \$2.0 million over FY 2001, for the fourth year of the Indian land consolidation program. In FY 2002, the land consolidation program will continue land acquisition activities and expand the program to one additional reservation. Work will also continue on *Youpee* activities. In 2002, Phase III of the *Youpee* pilot will initiate a study for the national valuation of Indian lands to determine the potential costs to a national buy-out the escheated interests. The 2002 funding will provide for the following activities:

- \$4.5 million to the BIA's Midwest Region to continue the land acquisition program on three reservations and additional reservations in the Midwest Region that will be selected and added in FY 2001.
- \$2.5 million for the continuation of the *Youpee* initiative of changing the ownership title and lease records within BIA; continue the distribution of income and earned interest to the revested heirs/devisees by OTFM; and conduct Phase III of *Youpee* for a nationwide land valuation study by the BIA.
- \$1.5 million for one additional land acquisition program site within another BIA Region. The selection of the additional site will have been accomplished in FY 2001.
- \$1.5 million for personnel and related expenses to ensure efficient and effective management of the program.
- \$980,000 for the continuance of estate planning assistance to Indian owners of trust and restricted lands. The primary objective of the estate planning initiative is to inform and advise landowners of the options available for the distribution of their estates, and assist landowners in facilitating the transfer of the estate to promote consolidation of interests.

The functions performed within this program support the BIA's strategic goal of ensuring the Federal government trust responsibility by protecting and preserving trust lands and resources. It also supports the OST's strategic goal to protect and preserve Indian trust assets and collect and accurately account for income due beneficiaries.

**Indian Land Consolidation**

(Dollars in millions)

		<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Estimate</b>
	Obligations by program activity			
1	Land Consolidation	4	13	11
1000	Total obligations	4	13	11
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	3	4	0
2200	New budget authority (gross)	5	9	11
2390	Total budgetary resources available for obligation	8	13	11
2395	New obligations	-4	-13	-11
2440	Unobligated balance available, end of year	4	0	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	5	9	11
7310	Total new obligations	4	13	11
7320	Total outlays (gross)	-4	-13	-11
8690	Outlays from new discretionary authority	4	9	11
8693	Outlays from discretionary balances	0	4	0
8700	Total outlays from discretionary authority (gross)	4	13	11
	Net budget authority and outlays			
8900	Budget authority	5	9	11
9000	Outlays	4	13	11

**Office of the Special Trustee  
Tribal Trust and Special Funds**

(Dollars in thousands)

<b>Sub Activities</b>	<b>2001 Estimate</b>	<b>Uncontrollable &amp; Related Changes (+/-)</b>	<b>Program Changes (+/-)</b>	<b>2002 Budget Request</b>	<b>Changes From 2001 (+/-)</b>
Tribal Special Fund	57,509	0	+4,390	61,899	+4,390
Tribal Trust Fund	25,118	0	+1,421	26,539	+1,421

Budget authority for the Tribal trust and special funds is equal to the receipts of such funds. Receipts generally include appropriations from the general fund, investment income, and proceeds (i.e., maturities, sales) from investments in non-Treasury securities. As of October 1, 2000, about 79 percent of the balances were invested in non-Treasury and non-Federal securities. Investments in non-Treasury and non-Federal securities are recorded as an outlay upon purchase.

**Overview**

**Budgetary Reclassification of Tribal Trust Funds**

Beginning in FY 2000, a significant change occurred in the budgetary classification of Tribal trust funds. On October 1, 1999, \$1.9 billion in Tribal trust funds were reclassified to non-budgetary accounts. This change specifically acknowledges Tribal ownership of these trust funds, a fact that has long been acknowledged in the Secretary's day-to-day management of these funds. Additional amounts may be reclassified as non-budgetary as OMB and the Department continue the reclassification process. As of October 1, 2000, \$614 million in Tribal trust fund investment balances remained classified as budgetary.

The following table provides a breakdown of the trust fund investment balances as of 10/1/2000:

(Dollars in millions)

<b>Type of Tribal Fund</b>	<b>Number</b>	<b>Amount</b>
To remain on-budget (derived from legislative acts and for Government obligations):		
Special Funds	13	530
Trust Funds	17	84
<b>Subtotal</b>	<b>30</b>	<b>614</b>
Accounts reclassified as non-budgetary during FY 2000:	2	77

The funds that remain in the budget fall into three categories. About \$386 million were derived from Federal legislation that created a corpus (principal amount) and provided that only interest accruing on the corpus is available for obligation. Since Tribes do not have access to the corpus, and the fund was not established to settle a valid legal claim against the Government, the question of ownership of the corpus is raised. The classification of these funds has not been determined, and OMB and the Department will review legislation that established each of the funds to determine ownership of the corpus. If it is determined that the Tribe owns the corpus, the funds will be removed from the budget totals. Otherwise, the funds will remain in the budget.

About \$110 million of the funds in this category are for legislative settlements for which certain conditions must be met before ownership transfers to the Tribes. For example, Tribes are sometimes required to execute a waiver of claims and appropriate releases that must be approved by the relevant Courts. Until these conditions are met, the funds will be disbursed to the appropriate Tribal fiduciary fund, which will be recorded as budget outlays.

The balance of the funds (\$118 million) included in the budget consists of the following: \$58 million that has not been reviewed by OMB and Interior, \$52 million to carry out Secretarial obligations under legislative settlements (e.g. to construct dams, deliver water, and pay penalties); \$6 million earmarked for education grants; and \$2 million for gifts and bequests.

The budgetary funds are included in either a budgetary special fund account or trust fund account. The distinction between a special and a trust fund is purely technical from a budgetary standpoint; if the law creating the fund delineates it as a “trust fund”, it is included in the trust fund account. If the law delineates the fund as something other than a trust fund (e.g. a “development fund”) it is included in the special fund account.

### **Tribal Special Fund**

The Tribal Special Fund account includes some or all of the balances of seven funds established by six legislative acts. Two funds have yet to be classified; two provide funding to implement Secretarial obligations; and the remaining three require certain conditions to be met by the Tribes before ownership is transferred. A description of each of the funds according to their current budget classification follows:

#### Funds Not Yet Classified

- (1) *Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act (Public Law 102-475)*

The Act created additional compensation to the Three Affiliated Tribes for the taking of land related to the construction of the Garrison Dam and Reservoir and the Standing Rock Sioux Tribe for the taking of land related to the construction of the Oahe Dam and Reservoir. The funds are fully capitalized, and no additional appropriations are authorized. Beginning in FY 1998, interest earned on the fund's principal became available for the Tribe's economic development, education, and social services programs. Principal distributions are prohibited; principal must be retained in the U.S. Treasury. The budgetary classification of this fund has not yet been determined.

(2) *The Ute Indian Water Rights Settlement (Title V of Public Law 102-575)*

A total of \$198.5 million (in January 1991 dollars) is authorized for the settlement of the Tribe's water rights claims; the Act authorized funding for several activities. Funds appropriated under BIA's Indian Land and Water Claims Settlement account for the Ute Settlement have been outlayed to OST trust fund accounts. The total funding authorized for the settlement is divided as follows:

- Section 504 of the Act authorizes \$45 million, payable in three installments, for Tribal farming operations.
- Section 505 (a), (b), (c), and (f) authorize \$28.5 million for reservoir, stream, habitat, and road improvements.
- Section 506 (a) authorizes \$125 million for the Ute Tribal Development Fund, payable in three equal installments annually. Payments of lesser amounts than described are subject to an adjustment of interest income that would have been earned on the unpaid amount.

The budgetary classification under Sections 504 and 505 has not yet been determined. Funds appropriated under section 506 have been classified as non-budgetary.

Funds to Implement Secretarial Obligations

(3) *Settlement Agreement between Pueblo de Cochiti and the U.S. Corps of Engineers (Public Law 102-358)*

In FY 1994, the Army Corps of Engineers transferred \$4,449,100 pursuant to P.L. 102-358 to fund the Interior's responsibilities under the settlement agreement between the Cochiti Tribe, the Corps, and Interior. Under P.L. 102-358, the Secretary of the Interior is responsible for maintenance, repair, and replacement of a drainage system constructed by the

Corps of Engineers for Cochiti Pueblo. This special fund is a sinking fund with a life expectancy of 50 to 100 years. Funds are invested and principal and interest may be used. It is estimated that it will cost approximately \$50,000 per year to operate and maintain the drainage system.

*(4) Southern Arizona Water Rights Settlement Act (Title III of Public Law 97-293)*

The Southern Arizona Water Rights Settlement Act established a Cooperative Fund to provide a source of funds to carry out the obligations of the Secretary under sections 303, 304, and 305 of the settlement (e.g. costs to deliver water and damages). Only interest accruing to the fund may be expended.

Funds Pending Disbursement to Tribes upon Fulfillment of Certain Conditions

*(5) Truckee-Carson-Pyramid Lake Water Rights Settlement Act (Public Law 101-618)*

This Act authorized funding for a number of activities for the benefit of the Pyramid Lake Paiute Tribe, including \$25 million for the Pyramid Lake Fisheries Fund and \$40 million for the Pyramid Lake Economic Development Fund. Both of these funds have been fully appropriated under BIA's Indian Land and Water Claims Settlement account, and all funds have been outlayed to OST trust fund accounts.

The Fisheries Fund has been classified as non-budgetary as all conditions prerequisite to Tribal ownership have been met. As of October 1, 1999, a number of conditions necessary to transfer the Economic Development Fund to Tribal ownership have yet to be met; hence these funds remain in budgetary accounts. Once these conditions are met, balances in the trust fund will be outlayed to a non-budgetary Tribal fiduciary fund. This outlay will occur when the negotiations of the Operating Agreement are complete and the agreement is effective.

*(6) San Luis Rey Indian Water Rights Settlement Act (Public Law 100-675)*

This Act provided for the settlement of the reserved water rights claims of the La Jolla, Rincon, San Pasqual, Pauma, and Pala Bands of Mission Indians in San Diego County California.

Section 105 of the Act established the San Luis Rey Tribal Development Fund and authorized \$30 million plus interest from enactment to be appropriated to the Fund. All authorized funds were appropriated and outlayed to a trust account managed by OST. Both the interest and the principal in the fund are available to the Indian Water Authority at its



request following execution of the settlement agreement, judgments, and other final dispositions. The Indian Water Authority is an InterTribal entity established by the five Indian bands. In 1998, the Act was amended by P.L. 105-256, which authorized and directed the disbursement of \$8 million in the fund prior to final settlement.

Because a final settlement has not been reached, these funds continue to be included in a budgetary account.

### **Tribal Trust Fund**

The Tribal Trust Fund account includes some or all of the balances of eight funds authorized under six legislative acts, as well as gifts and bequests. Two of the funds have yet to be classified; one provides funding to implement Secretarial obligations; two require that certain conditions must be met before ownership of the fund transfers to the Tribe; and one earmarks federal receipts for education grants. A description of each of the funds follows:

#### Funds Included in the Tribal Trust Fund But Not Yet Classified

(1) *The Crow Creek Sioux Tribe Infrastructure Development Trust Fund Act*  
(Public Law 104-223)

This Act provided additional compensation to the Crow Creek Sioux Tribe for the taking of land related to the construction of the Fort Randall and Big Bend dams. In FY 1997, \$27.5 million was deposited into the Fund. The fund is fully capitalized, and no additional appropriations are authorized. The interest earned from the invested principal is available for payment to the Tribe for Tribal educational, health care, recreational, and other projects. Principal distributions are prohibited; principal must be retained in the U.S. Treasury. The budgetary classification of this fund has not yet been determined.

(2) *Lower Brule Sioux Tribe Infrastructure Development Trust Fund (Public Law 105-132)*

This Act provided additional compensation to the Lower Brule Sioux Tribe for the taking of land related to the construction of the Fort Randall and Big Bend dams. In FY 1998, \$39.3 million was deposited in the fund. The fund is fully capitalized, and no additional appropriations are authorized. The interest earned from the invested principal is available for payment to the Tribe for Tribal educational, health care, recreational, and other projects. Principal distributions are prohibited; principal must be retained in the U.S. Treasury. The budgetary classification of this fund has not yet been determined.

Funds to Implement Secretarial Obligations

*(3) Northern Cheyenne Indian Reserved Water Rights Settlement Act (Public Law 102-374)*

This water rights settlement ratified the compact entered into by the Northern Cheyenne Tribe and the State of Montana, and authorized funding for a number of activities including:

- Tribal Funds, for use by the Tribe, a total of \$21.5 million between 1995 and 1997.
- Tongue River Dam, for use by the State of Montana and the Secretary to construct the Tongue River Dam, a total of \$31.5 million between 1993 and 1997; the authorization is indexed.
- Fish and Wildlife Enhancement, for expenditure by the Secretary, a total of \$3.5 million between 1996 and 1997; the authorization is indexed.
- Environment Compliance, indefinite authorization (period and amount) to carry out environmental compliance requirements of the Compact. Funding of environmental costs is the sole responsibility of the United States. Up to \$625,000 can be expended by the Secretary on fish and wildlife migration costs associated with the Tongue River Dam.

The Tribal Funds component of the settlement has been classified as non-budgetary; the remaining components have been classified as budgetary as funds are for implementing Secretarial obligations.

Funds Pending Disbursement to Tribes upon Fulfillment of Certain Conditions

During FY 2000, two funds were outlayed from the Tribal Special Fund to the non-budgetary Tribal fiduciary fund as conditions were met as required in the act. These two funds were the *San Carlos Apache Tribe Water Rights Settlement (Title XXXVII of Public Law 102-575)* and the *Zuni Land Conservation Act (Public Law 101-486)*

Funds Earmarked for Education Grants

*(4) Arizona-Florida Land Exchange (Title IV of Public Law 100-696)*

The Act ratified an exchange of Federal land in Arizona for acreage in Florida owned by the Barron Collier Company, Collier Enterprises, and Collier Development Corporation plus a cash payment to the Collier Family. The Arizona property included a boarding school for Indian students, which was run by the Government. However, the property was not held in trust for any Tribe. The Act establishes the Arizona InterTribal Trust Fund and the Navajo Tribal Fund and requires the cash payment from the private family to be split between the two trust funds, each receiving 95 percent and 5 percent, respectively. Use of the money is subject to appropriations and is available to pay for supplemental educational and child welfare programs, activities, and services. An amount equal to 5 percent of the Trust Income from the preceding year is to be paid annually to the governing bodies of the Tribes. Such payments are to be used for education, child-welfare, community development, and general administrative purposes. This is a permanent appropriation. The Secretary is authorized to make grants from remaining income from the trust funds, subject to appropriation, to the Tribes or public school districts on or near the reservations of the Navajo Tribe and Tribes of the InterTribal Council of Arizona.

#### Gifts and Bequests

##### *(5) Funds Contributed for the Advancement of Indians*

This program accounts for any contributions, donations, gifts, etc., which are to be used for the benefit of American Indians in accordance with the donor's wishes (82 Stat. 171), as specified by the donor's wishes.

##### *(6) Bequest of George Edgeter*

This program consists of a bequest, the principal of which is invested in U.S. Treasury bonds and notes, and the interest are to be used for the relief of American Indians (82 Stat.171) as specified by the donor's wishes.

In FY 2001, a new fund was added to the Tribal Special Fund.

#### *Chippewa Cree Tribe of the Rocky Boy's Reservation Indian Reserve Water Rights Settlement and Water Supply Enhancement Act of 1999 (Public Law 106-163)*

This water rights settlement between the United States, the Chippewa Cree Tribe of the Rocky Boys Reservation, and the State of Montana was ratified by Congress under Public Law 106-103. Encompassed in the settlement are a series of projects, which will improve

on-reservation irrigation systems, provide for future water needs of the Tribe, and address pressing water planning issues on, and off reservation. The settlement of Indian water rights is in fulfillment of the trust responsibility with respect to present and future water resource needs and represents a commitment of the United States as Trustee to the Tribes. The funds requested will be utilized for compact administration (\$3 million) and contributions to a Tribal economic development fund (\$3 million) and a future water supply facility (\$2 million).

The ownership of the trust fund does not convey to the Tribe until such time as the Tribe waives all claims and meets underlying settlement requirements.

**Tribal Special Fund**  
(Dollars in millions)

		<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Estimate</b>
	Unavailable Collections (N)			
	Receipts			
0220	Proprietary receipts from the public	30	31	33
0221	Return on principal from private sector investments	16	17	17
0222	Miscellaneous sales of assets	3	3	5
0240	Earnings on investments	6	6	6
0299	Total receipts and collections	55	57	61
	Appropriation			
0500	Tribal special fund	-55	-57	-61
0799	Balance, end of year	0	0	0
	Program and Financing (P)			
	Obligations by program activity			
1000	Total new obligations (object class 41.0)	7	57	62
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	0	95	95
2200	New budget authority (gross)	55	57	62
2390	Total budgetary resources available for obligation	102	152	157
2395	Total new obligations	-7	-57	-62
2440	Unobligated balance available, end of year	95	95	95
	New budget authority (gross), detail			
	Mandatory			
6025	Appropriation (special fund, indefinite)	55	57	62
	Change in unpaid obligations			
7310	Total new obligations	7	57	62
7320	Total outlays (gross)	-7	-57	-62
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	7	57	62
	Net budget authority and outlays			
8900	Budget authority	55	57	62
9000	Outlays	7	57	62
	Memorandum (non-add) entries			
9201	Total Investments, start of year: Federal securities: Par Value	0	24	24
9202	Total Investments, end of year: Federal securities: Par Value	24	24	24

**Tribal Trust Fund**  
(Dollars in millions)

		<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Estimate</b>
	Unavailable Collections (N)			
	Receipts			
0220	Interest on investments in GSEs	7	8	8
0221	Return on principal from private sector investments	5	6	6
0222	Miscellaneous sales of assets	3	3	3
0240	Federal fund payments	0	8	9
0299	Total receipts and collections	15	25	26
	Appropriations			
0500	Tribal trust fund	-15	-25	-27
0799	Total balance, end of year	0	0	0
	Program and Financing (P)			
	Obligations by program activity			
1000	Total new obligations (object class 41.0)	19	26	27
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	0	3	0
2200	New budget authority (gross)	15	25	27
2222	Unobligated balance transferred from other accounts (14-9973)	6	0	0
2390	Total budgetary resources available for obligation	21	28	27
2395	Total new obligations	-19	-26	-27
2440	Unobligated balance carried forward, end of year	3	0	0
	New budget authority (gross), detail			
	Mandatory			
6027	Appropriation (trust fund, indefinite)	15	25	27
	Change in unpaid obligations			
7310	Total new obligations	19	26	27
7320	Total outlays (gross)	-19	-28	-27
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	15	25	27
8698	Outlays from mandatory balances	4	3	0
8700	Total outlays (gross)	19	28	27
	Net budget authority and outlays			
8900	Budget authority	15	25	27
9000	Outlays	19	28	27
	Memorandum (non-add) entries			
9201	Total Investments, start of year: Federal securities: Par Value	0	0	0
9202	Total Investments, end of year: Federal securities: Par Value	0	0	0